Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3110. Supervision

(a) Supervisory System

Each member shall establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Final responsibility for proper supervision shall rest with the member. A member's supervisory system shall provide, at a minimum, for the following:

(1) The establishment and maintenance of written procedures as required by this Rule.

(2) The designation, where applicable, of an appropriately registered principal(s) with authority to carry out the supervisory responsibilities of the member for each type of business in which it engages for which registration as a broker-dealer is required.

(3) The registration and designation as a branch office or an office of supervisory jurisdiction (OSJ) of each location, including the main office, that meets the definitions contained in paragraph (f) of this Rule.

(4) The designation of one or more appropriately registered principals in each OSJ and one or more appropriately registered representatives or principals in each non-OSJ branch office with authority to carry out the supervisory responsibilities assigned to that office by the member.

(5) The assignment of each registered person to an appropriately registered representative(s) or principal(s) who shall be responsible for supervising that person's activities.

(6) The use of reasonable efforts to determine that all supervisory personnel are qualified, either by virtue of experience or training, to carry out their assigned responsibilities.

(7) The participation of each registered representative and registered principal, either individually or collectively, no less than annually, in an interview or meeting conducted by persons designated by the member at which compliance matters relevant to the activities of the representative(s) and principal(s) are discussed. Such interview or meeting may occur in conjunction with the discussion of other matters and may be conducted at a central or regional location or at the representative's(') or principal's(') place of business.

(b) Written Procedures

(1) General Requirements

Each member shall establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.

(2) Review of Member's Investment Banking and Securities Business

The supervisory procedures required by this paragraph (b) shall include procedures for the review by a registered principal, evidenced in writing, of all transactions relating to the investment banking or securities business of the member.

(3) Reserved.

(4) Review of Correspondence and Internal Communications

The supervisory procedures required by this paragraph (b) shall include procedures for the review of incoming and outgoing written (including electronic) correspondence and internal communications relating to the member's investment banking or securities business. The supervisory procedures must be appropriate for the member's business, size, structure, and customers. The supervisory procedures must require the member's review of:

(A) incoming and outgoing written (including electronic) correspondence to properly identify and handle in accordance with firm procedures, customer complaints, instructions, funds and securities, and communications that are of a subject matter that require review under FINRA rules and federal securities laws.

(B) internal communications to properly identify those communications that are of a subject matter that require review under FINRA rules and federal securities laws.

Reviews of correspondence and internal communications must be conducted by a registered principal and must be evidenced in writing, either electronically or on paper.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(5) Review of Customer Complaints

The supervisory procedures required by this paragraph (b) shall include procedures to capture, acknowledge, and respond to all written (including electronic) customer complaints.

(6) Documentation and Supervision of Supervisory Personnel

The supervisory procedures required by this paragraph (b) shall set forth the supervisory system established by the member pursuant to paragraph (a) above, and shall include:

(A) the titles, registration status, and locations of the required supervisory personnel and the responsibilities of each supervisory person as these relate to the types of business engaged in, applicable securities laws and regulations, and FINRA rules.

(B) a record, preserved by the member for a period of not less than three years, the first two years in an easily accessible place, of the names of all persons who are designated as supervisory personnel and the dates for which such designation is or was effective.

(C) procedures prohibiting associated persons who perform a supervisory function from:

(i) supervising their own activities; and

(ii) reporting to, or having their compensation or continued employment determined by, a person or persons they are supervising.

a. If a member determines, with respect to any of its supervisory personnel, that compliance with subparagraph (i) or (ii) above is not possible because of the member's size or a supervisory personnel's position within the firm, the member must document:

1. the factors the member used to reach such determination; and

2. how the supervisory arrangement with respect to such supervisory personnel otherwise complies with paragraph (a) of this Rule.

(D) procedures reasonably designed to prevent the supervisory system required pursuant to paragraph (a) of this Rule from being compromised due to the conflicts of interest that may be present with respect to the associated person being supervised, including the position of such person, the revenue such person generates for the firm, or any compensation that the associated person conducting the supervision may derive from the associated person being supervised.

(7) Maintenance of Written Supervisory Procedures

A copy of a member's written supervisory procedures, or the relevant portions thereof, shall be kept and maintained in each OSJ and at each location where supervisory activities are conducted on behalf of the member. Each member shall promptly amend its written supervisory procedures to reflect changes in applicable securities laws or regulations, including FINRA rules, and as changes occur in its supervisory system. Each member is responsible for promptly communicating its written supervisory procedures and amendments to all associated persons to whom such written supervisory procedures and amendments are relevant based on their activities and responsibilities.

(c) Internal Inspections

(1) Each member shall conduct a review, at least annually (on a calendar-year basis), of the businesses in which it engages. The review shall be reasonably designed to assist the member in detecting and preventing violations of, and achieving compliance with, applicable securities laws and regulations, and with applicable FINRA rules. Each member shall review the activities of each office, which shall include the periodic examination of customer accounts to detect and prevent irregularities or abuses. Each member shall also retain a written record of the date upon which each review and inspection is conducted.

(A) Each member shall inspect at least annually (on a calendar-year basis) every OSJ and any branch office that supervises one or more non-branch locations.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(B) Each member shall inspect at least every three years every branch office that does not supervise one or more non-branch locations. In establishing how often to inspect each non-supervisory branch office, the member shall consider whether the nature and complexity of the securities activities for which the location is responsible, the volume of business done at the location, and the number of associated persons assigned to the location require the non-supervisory branch office to be inspected more frequently than every three years. If a member establishes a more frequent inspection cycle, the member must ensure that at least every three years, the inspection requirements enumerated in paragraph (c)(2) have been met. The member's written supervisory and inspection procedures shall set forth the non-supervisory branch office examination cycle, an explanation of the factors the member used in determining the frequency of the examinations in the cycle, and the manner in which a member will comply with paragraph (c)(2) if using more frequent inspections than every three years.

(C) Each member shall inspect on a regular periodic schedule every non-branch location. In establishing such schedule, the member shall consider the nature and complexity of the securities activities for which the location is responsible and the nature and extent of contact with customers. The member's written supervisory and inspection procedures shall set forth the schedule and an explanation regarding how the member determined the frequency of the examination.

(2) An inspection and review by a member pursuant to paragraph (c)(1) must be reduced to a written report and kept on file by the member for a minimum of three years, unless the inspection is being conducted pursuant to paragraph (c)(1)(C) and the regular periodic schedule is longer than a three-year cycle, in which case the report must be kept on file at least until the next inspection report has been written.

(A) If applicable to the location being inspected, that location's written inspection report must include, without limitation, the testing and verification of the member's policies and procedures, including supervisory policies and procedures in the following areas:

(i) safeguarding of customer funds and securities;

(ii) maintaining books and records;

(iii) supervision of supervisory personnel;

(iv) transmittals of funds (e.g., wires or checks, etc.) or securities from customers to third party accounts; from customer accounts to outside entities (e.g., banks, investment companies, etc.); from customer accounts to locations other than a customer's primary residence (e.g., post office box, "in care of" accounts, alternate address, etc.); and between customers and registered representatives, including the hand-delivery of checks; and

(v) changes of customer account information, including address and investment objectives changes and validation of such changes.

(B) The policies and procedures required by paragraph (c)(2)(A)(iv) must include a means or method of customer confirmation, notification, or follow-up that can be documented. Members may use reasonable risk-based criteria to determine the authenticity of the transmittal instructions.

(C) The policies and procedures required by paragraph (c)(2)(A)(v) must include, for each change processed, a means or method of customer confirmation, notification, or follow-up that can be documented and that complies with SEA Rules 17a-3(a)(17)(i)(B)(2) and 17a-3(a)(17)(i)(B)(3).

(D) If a member does not engage in all of the activities enumerated in paragraphs (c)(2)(A)(i) through (c)(2)(A)(v) at the location being inspected, the member must identify those activities in the member's written supervisory procedures or the location's written inspection report and document in the member's written supervisory procedures or the location's written inspection report that supervisory policies and procedures for such activities must be in place at that location before the member can engage in them.

(3) For each inspection conducted pursuant to paragraph (c), a member must:

(A) have procedures reasonably designed to prevent the effectiveness of the inspections required pursuant to paragraph (c)(1) of this Rule from being compromised due to the conflicts of interest that may be present with respect to the location being inspected, including but not limited to, economic, commercial, or financial interests in the associated persons and businesses being inspected; and

(B) ensure that the person conducting an inspection pursuant to paragraph (c)(1) is not an associated person assigned to the location or is not directly or indirectly supervised by, or otherwise reporting to, an associated person assigned to the location.

(C) If a member determines that compliance with paragraph (c)(3)(B) is not possible either because of a member's size or its business model, the member must document in the inspection report both the factors the member used to make its determination and how the inspection otherwise complies with paragraph (c)(1).

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(d) Transaction Review and Investigation

(1) Each member shall include in its supervisory procedures a process for the review of securities transactions that are reasonably designed to identify trades that may violate the provisions of the Exchange Act, the rules thereunder, or FINRA rules prohibiting insider trading and manipulative and deceptive device that are effected for the:

(A) accounts of the member;

(B) accounts introduced or carried by the member in which a person associated with the member has a beneficial interest or the authority to make investment decisions;

(C) accounts of a person associated with the member that are disclosed to the member pursuant to Rule 3210; and

(D) covered accounts.

(2) Each member must conduct promptly an internal investigation into any such trade to determine whether a violation of those laws or rules has occurred.

(3) A member engaging in investment banking services must file with FINRA, written reports, signed by a senior officer of the member, at such times and, without limitation, including such content, as follows:

(A) within ten business days of the end of each calendar quarter, a written report describing each internal investigation initiated in the previous calendar quarter pursuant to paragraph (d)(2), including the identity of the member, the date each internal investigation commenced, the status of each open internal investigation, the resolution of any internal investigation reached during the previous calendar quarter, and, with respect to each internal investigation, the identity of the security, trades, accounts, associated persons of the member, or associated person of the member's family members holding a covered account, under review, and that includes a copy of the member's policies and procedures required by paragraph (d)(1).

(B) within five business days of completion of an internal investigation pursuant to paragraph (d)(2) in which it was determined that a violation of the provisions of the Exchange Act, the rules thereunder, or FINRA rules prohibiting insider trading and manipulative and deceptive devices had occurred, a written report detailing the completion of the investigation, including the results of the investigation,any internal disciplinary action taken, and any referral of the matter to FINRA, another self-regulatory organization, the SEC, or any other federal, state, or international regulatory authority.

(4) Definitions

For purposes of this Rule:

(A) The term "covered account" shall include any account introduced or carried by the member that is held by:

(i) the spouse of a person associated with the member;

(ii) a child of the person associated with the member or such person's spouse, provided that the child resides in the same household as or is financially dependent upon the person associated with the member;

(iii) any other related individual over whose account the person associated with the member has control; or

(iv) any other individual over whose account the associated person of the member has control and to whose financial support such person materially contributes.

(B) The term "investment banking services" shall include, without limitation, acting as an underwriter, participating in a selling group in an offering for the issuer, or otherwise acting in furtherance of a public offering of the issuer; acting as a financial adviser in a merger or acquisition; providing venture capital or equity lines of credit or serving as placement agent for the issuer or otherwise acting in furtherance of a private offering of the issuer.

(e) Responsibility of Member to Investigate Applicants for Registration

Each member shall ascertain by investigation the good character, business reputation, qualifications and experience of an applicant before the member applies to register that applicant with FINRA and before making a representation to that effect on the application for registration.

If the applicant previously has been registered with FINRA or another self-regulatory organization, the member shall review a copy of the applicant's most recent Form U5, including any amendments thereto, within 60 days of the filing date of an application for registration, or demonstrate to FINRA that it has made reasonable efforts to do so. In conducting its review of the Form U5, the member shall take such action as may be deemed appropriate.

The member shall also review an applicant's employment experience to determine if the applicant has been recently employed by a Futures Commission Merchant or an Introducing Broker that is notice-registered with the SEC pursuant to Section 15(b)(11) of the Exchange Act. In such a case, the member shall also review a copy of the applicant's most recent CFTC Form 8-T, including any amendments thereto, within 60 days of the

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

filing date of an application for registration, or demonstrate to FINRA that it has made reasonable efforts to do so. In conducting its review of a Form 8-T, the member shall take such action as may be deemed appropriate.

In addition, each member shall establish and implement written procedures reasonably designed to verify the accuracy and completeness of the information contained in an applicant's initial or transfer Form U4 no later than 30 calendar days after the form is filed with FINRA. Such procedures shall, at a minimum, provide for a search of reasonably available public records to be conducted by the member, or a third-party service provider, to verify the accuracy and completeness of the information contained in the applicant's initial or transfer Form U4.

(f) Definitions

(1) "Office of Supervisory Jurisdiction" means any office of a member at which any one or more of the following functions take place:

(A) order execution or market making;

(B) structuring of public offerings or private placements;

(C) maintaining custody of customers' funds or securities;

(D) final acceptance (approval) of new accounts on behalf of the member;

(E) review and endorsement of customer orders, pursuant to paragraph (b)(2) above;

(F) final approval of retail communications for use by persons associated with the member, pursuant to Rule 2210(b)(1), except for an office that solely conducts final approval of research reports; or

(G) responsibility for supervising the activities of persons associated with the member at one or more other branch offices of the member.

(2)

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(A) A "branch office" is any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of, any security, or is held out as such, excluding:

(i) Any location that is established solely for customer service or back office type functions where no sales activities are conducted and that is not held out to the public as a branch office;

(ii) Any location that is the associated person's primary residence; provided that

a. Only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location;

b. The location is not held out to the public as an office and the associated person does not meet with customers at the location;

c. Neither customer funds nor securities are handled at that location;

d. The associated person is assigned to a designated branch office, and such designated branch office is reflected on all business cards, stationery, retail communications and other communications to the public by such associated person;

e. The associated person's correspondence and communications with the public are subject to the firm's supervision in accordance with this Rule;

f. Electronic communications (e.g., e-mail) are made through the member's electronic system;

g. All orders are entered through the designated branch office or an electronic system established by the member that is reviewable at the branch office;

h. Written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the member; and

i. A list of the residence locations is maintained by the member;

(iii) Any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided the member complies with the provisions of subparagraphs (2)(A)(ii)a. through h. above;

(iv) Any office of convenience, where associated persons occasionally and exclusively by appointment meet with customers, which is not held out to the public as an office; *

(v) Any location that is used primarily to engage in non-securities activities and from which the associated person(s) effects no more than 25 securities transactions in any one calendar year; provided that any retail communication identifying such location also sets forth the address and telephone number of the location from which the associated person(s) conducting business at the non-branch locations are directly supervised;

(vi) The Floor of a registered national securities exchange where a member conducts a direct access business with public customers; or

(vii) A temporary location established in response to the implementation of a business continuity plan.

(B) Notwithstanding the exclusions in subparagraph (2)(A), any location that is responsible for supervising the activities of persons associated with the member at one or more non-branch locations of the member is considered to be a branch office.

(C) The term "business day" as used in paragraph (f)(2)(A) of this Rule shall not include any partial business day provided that the associated person spends at least four hours on such business day at his or her designated branch office during the hours that such office is normally open for business.

• • • Supplementary Material: ----------

.01 Registration of Main Office. A member's main office location is required to be registered and designated as a branch office or OSJ if it meets the definitions of a "branch office" or "office of supervisory jurisdiction" as set forth in Rule 3110(f). In general, the nature of activities conducted at a main office will satisfy the requirements of such terms.

.02 Designation of Additional OSJs. In addition to the locations that meet the definition of OSJ in Rule 3110(f), each member shall also register and designate other offices as OSJs as is necessary to supervise its associated persons in accordance with the standards set forth in Rule 3110. In making a determination as to whether to designate a location as an OSJ, the member should consider the following factors:

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(a) whether registered persons at the location engage in retail sales or other activities involving regular contact with public customers;

(b) whether a substantial number of registered persons conduct securities activities at, or are otherwise supervised from, such location;

(c) whether the location is geographically distant from another OSJ of the firm;

(d) whether the member's registered persons are geographically dispersed; and

(e) whether the securities activities at such location are diverse or complex.

.03 Supervision of Multiple OSJs by a Single Principal. Rule 3110(a)(4) requires a member to designate one or more appropriately registered principals in each OSJ with the authority to carry out the supervisory responsibilities assigned to that office ("on-site principal"). The designated on-site principal for each OSJ must have a physical presence, on a regular and routine basis, at each OSJ for which the principal has supervisory responsibilities. Consequently, there is a general presumption that a principal will not be designated and assigned to be the on-site principal pursuant to Rule 3110(a)(4) to supervise more than one OSJ. If a member determines it is necessary to designate and assign one appropriately registered principal to be the on-site principal pursuant to Rule 3110(a)(4) to supervise two or more OSJs, the member must take into consideration, among others, the following factors:

(a) whether the on-site principal is qualified by virtue of experience and training to supervise the activities and associated persons in each location;

(b) whether the on-site principal has the capacity and time to supervise the activities and associated persons in each location;

(c) whether the on-site principal is a producing registered representative;

(d) whether the OSJ locations are in sufficiently close proximity to ensure that the on-site principal is physically present at each location on a regular and routine basis; and

(e) the nature of activities at each location, including size and number of associated persons, scope of business activities, nature and complexity of products and services offered, volume of business done, the disciplinary history of persons assigned to such locations, and any other indicators of irregularities or misconduct.

The member must establish, maintain, and enforce written supervisory procedures regarding the supervision of all OSJs. In all cases where a member designates and assigns one on-site principal to supervise more than one OSJ, the member must document in the member's written supervisory and inspection procedures the factors used to determine why the member considers such supervisory structure to be reasonable and the determination by the member will be subject to scrutiny.

.04 Annual Compliance Meeting. A member is not required to conduct in-person meetings with each registered person or group of registered persons to comply with the annual compliance meeting (or interview) required by Rule 3110(a)(7). A member that chooses to conduct compliance meetings using other methods (e.g., on-demand webcast or course, video conference, interactive classroom setting, telephone, or other electronic means) must ensure, at a minimum, that each registered person attends the entire meeting (e.g., an on-demand annual compliance webcast would require each registered person to use a unique user ID and password to gain access and use a technology platform to track the time spent on the webcast, provide click-as-you go confirmation, and have an attestation of completion at the end of a webcast) and is able to ask questions regarding the presentation and receive answers in a timely fashion (e.g., an on-demand annual compliance webcast that allows registered persons to ask questions via an email to a presenter or a centralized address or via a telephone hotline and receive timely responses directly or view such responses on the member's intranet site).

.05 Risk-based Review of Member's Investment Banking and Securities Business. A member may use a risk-based review system to comply with Rule 3110(b)(2)'s requirement that a registered principal review, all transactions relating to the investment banking or securities business of the member. A member is not required to conduct detailed reviews of each transaction if a member is using a reasonably designed risk-based review system that provides a member with sufficient information that permits the member to focus on the areas that pose the greatest numbers and risks of violation.

.06 Risk-based Review of Correspondence and Internal Communications. By employing risk-based principles, a member must decide the extent to which additional policies and procedures for the review of:

(a) incoming and outgoing written (including electronic) correspondence that fall outside of the subject matters listed in Rule 3110(b)(4) are necessary for its business and structure. If a member's procedures do not require that all correspondence be reviewed before use or distribution, the procedures must provide for:

(1) the education and training of associated persons regarding the firm's procedures governing correspondence;

(2) the documentation of such education and training; and

(3) surveillance and follow-up to ensure that such procedures are implemented and followed.

(b) internal communications that are not of a subject matter that require review under FINRA rules and federal securities laws are necessary for its business and structure.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

.07 Evidence of Review of Correspondence and Internal Communications. The evidence of review required in Rule 3110(b)(4) must be chronicled either electronically or on paper and must clearly identify the reviewer, the internal communication or correspondence that was reviewed, the date of review, and the actions taken by the member as a result of any significant regulatory issues identified during the review. Merely opening a communication is not sufficient review.

.08 Delegation of Correspondence and Internal Communication Review Functions. In the course of the supervision and review of correspondence and internal communications required by Rule 3110(b)(4), a supervisor/principal may delegate certain functions to persons who need not be registered. However, the supervisor/principal remains ultimately responsible for the performance of all necessary supervisory reviews, irrespective of whether he or she delegates functions related to the review. Accordingly, supervisors/principals must take reasonable and appropriate action to ensure delegated functions are properly executed and should evidence performance of their procedures sufficiently to demonstrate overall supervisory control.

.09 Retention of Correspondence and Internal Communications. Each member shall retain the internal communications and correspondence of associated persons relating to the member's investment banking or securities business for the period of time and accessibility specified in SEA Rule 17a-4(b). The names of the persons who prepared outgoing correspondence and who reviewed the correspondence shall be ascertainable from the retained records, and the retained records shall be readily available to FINRA, upon request.

.10 Supervision of Supervisory Personnel. A member's determination that it is not possible to comply with paragraphs (b)(6)(C)(i) or (b)(6)(C)(ii) of Rule 3110 prohibiting supervisory personnel from supervising their own activities and from reporting to, or otherwise having compensation or continued employment determined by, a person or persons they are supervising generally will arise in instances where:

(a) the member is a sole proprietor in a single-person firm;
(b) a registered person is the member's most senior executive officer (or similar position); or
(c) a registered person is one of several of the member's most senior executive officers (or similar positions).

.11 Use of Electronic Media to Communicate Written Supervisory Procedures. A member may use electronic media to satisfy its obligation to communicate its written supervisory procedures, and any amendment thereto, pursuant to Rule 3110(b)(7), provided that: (1) the written supervisory procedures have been promptly communicated to, and are readily accessible by, all associated persons to whom such supervisory procedures apply based on their activities and responsibilities through, for example, the member's intranet system; (2) all amendments to the written supervisory procedures are promptly posted to the member's electronic media; (3) associated persons are notified that amendments relevant to their activities and responsibilities have been made to the written supervisory procedures; (4) the member has reasonable procedures to monitor and maintain the security of the material posted to ensure that it cannot be altered by unauthorized persons; and (5) the member retains current and prior versions of its written supervisory procedures in compliance with the applicable record retention requirements of SEA Rule 17a-4(e)(7).

.12 Standards for Reasonable Review. In fulfilling its obligations under Rule 3110(c), each member must conduct a review, at least annually, of the businesses in which it engages. The review must be reasonably designed to assist in detecting and preventing violations of and achieving compliance with applicable securities laws and regulations and with FINRA rules. Each member shall establish and maintain supervisory procedures that must take into consideration, among other things, the firm's size, organizational structure, scope of business activities, number and location of the firm's offices, the nature and complexity of the products and services offered by the firm, the volume of business done, the number of associated persons assigned to a location, the disciplinary history of registered representatives or associated persons, and any indicators of irregularities or misconduct (i.e., "red flags"), etc. The procedures established and reviews conducted must provide that the quality of supervision at remote locations is sufficient to ensure compliance with applicable securities laws and regulations and with FINRA rules. A member must be especially diligent in establishing procedures and conducting reasonable reviews with respect to a non-branch location where a registered representative engages in securities activities. Based on the factors outlined above, members may need to impose reasonably designed supervisory procedures for certain locations or may need to provide for more frequent reviews of certain locations.

.13 General Presumption of Three-Year Limit for Periodic Inspection Schedules. Rule 3110(c)(1)(C) requires a member to inspect on a regular periodic schedule every non-branch location. In establishing a non-branch location inspection schedule, there is a general presumption that a non-branch location will be inspected at least every three years, even in the absence of any indicators of irregularities or misconduct (i.e., "red flags"). If a member establishes a longer periodic inspection schedule, the member must document in its written supervisory and inspection procedures the factors used in determining that a longer periodic inspection cycle is appropriate.

.14 Exception to Persons Prohibited from Conducting Inspections. A member's determination that it is not possible to comply with Rule 3110(c)(3)(B) with respect to who is not allowed to conduct a location's inspection will generally arise in instances where:

(a) the member has only one office; or

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(b) the member has a business model where small or single-person offices report directly to an OSJ manager who is also considered the offices' branch office manager.

.15 Temporary Program to Address Underreported Form U4 Information. FINRA is establishing a temporary program that will issue a refund to members of Late Disclosure Fees assessed for the late filing of responses to Form U4 Question 14M (unsatisfied judgments or liens) if the Form U4 amendment is filed between April 24, 2014 and December 1, 2015 and one of the following conditions is met: (1) the judgment or lien has been satisfied, and at the time it was unsatisfied, it was under $5,000 and the date the judgment or lien was filed with a court (as reported on Form U4 Judgment/Lien DRP, Question 4.A.) was on or before August 13, 2012; or (2) the unsatisfied judgment or lien was satisfied within 30 days after the individual learned of the judgment or lien (as reported on Form U4 Judgment/Lien DRP, Question 4.B.). This program has a retroactive effective date of April 24, 2014, and it will automatically sunset on December 1, 2015. Members will not be able to use the program after December 1, 2015.

.16 Temporary Extension of Time to Complete Office Inspections. Each member obligated to complete an inspection of an office of supervisory jurisdiction, branch office or non-branch location in calendar year 2020 pursuant to, as applicable, paragraphs (c)(1)(A), (B) and (C) under Rule 3110, shall be deemed to have satisfied such obligation if the applicable inspection is completed on or before March 31, 2021.

.17 Temporary Relief to Allow Remote Inspections for Calendar Years 2020, 2021, 2022, 2023, and Through the Earlier of the Effective Date of the Remote Inspections Pilot Program, if Approved, or June 30, 2024.

(a) Use of Remote Inspections. Each member obligated to conduct an inspection of an office of supervisory jurisdiction, branch office or non-branch location in the calendar years specified in this supplementary material pursuant to, as applicable, paragraphs (c)(1)(A), (B) and (C) under Rule 3110 may, subject to the requirements of this Rule 3110.17, satisfy such obligation by conducting the applicable inspection remotely, without an on-site visit to the office or location. In accordance with Rule 3110.16, inspections for calendar year 2020 must have been completed on or before March 31, 2021. Inspections for calendar year 2021 must have been completed on or before December 31, 2021, for calendar year 2022, on or before December 31, 2022, and for calendar year 2023, on or before December 31, 2023. With respect to a member's obligation to conduct an inspection of an office or location in calendar year 2024, a member has the option to conduct those inspections remotely through the earlier of the effective date of the Remote Inspections Pilot Program proposed in File No. SR-FINRA-2023-007, if approved, or June 30, 2024. Notwithstanding Rule 3110.17, a member shall remain subject to the other requirements of Rule 3110(c).

(b) Written Supervisory Procedures for Remote Inspections. Consistent with a member's obligation under Rule 3110(b)(1), a member that elects to conduct its inspections remotely for any of the calendar years specified in this supplementary material must amend or supplement its written supervisory procedures to provide for remote inspections that are reasonably designed to assist in detecting and preventing violations of and achieving compliance with applicable securities laws and regulations, and with applicable FINRA rules. Reasonably designed procedures for conducting remote inspections of offices or locations should include, among other things: (1) a description of the methodology, including technologies permitted by the member, that may be used to conduct remote inspections; and (2) the use of other risk-based systems employed generally by the member firm to identify and prioritize for review those areas that pose the greatest risk of potential violations of applicable securities laws and regulations, and of applicable FINRA rules.

(c) Effective Supervisory System. The requirement to conduct inspections of offices and locations is one part of the member's overall obligation to have an effective supervisory system and therefore, the member must continue with its ongoing review of the activities and functions occurring at all offices and locations, whether or not the member conducts inspections remotely. A member's use of a remote inspection of an office or location will be held to the same standards for review as set forth under Rule 3110.12. Where a member's remote inspection of an office or location identifies any indicators of irregularities or misconduct (i.e., "red flags"), the member may need to impose additional supervisory procedures for that office or location or may need to provide for more frequent monitoring of that office or location, including potentially a subsequent physical, on-site visit on an announced or unannounced basis. The temporary relief provided by this Rule 3110.17 does not extend to a member's inspection requirements beyond the earlier of the effective date of the Remote Inspections Pilot Program proposed in File No. SR-FINRA-2023-007, if approved, or June 30, 2024, and such inspections must be conducted in compliance with Rule 3110(c).

(d) Documentation Requirement. A member must maintain and preserve a centralized record for the calendar years specified in this supplementary material that separately identifies: (1) all offices or locations that had inspections that were conducted remotely; and (2) any offices or locations for which the member determined to impose additional supervisory procedures or more frequent monitoring, as provided in Rule 3110.17(c). A member's documentation of the results of a remote inspection for an office or location must identify any additional supervisory procedures or more frequent monitoring for that office or location that were imposed as a result of the remote inspection.

.18 Remote Inspections Pilot Program

(a) Scope. This Supplementary Material establishes a Remote Inspections Pilot Program with respect to the required inspection of OSJs, branch offices and non-branch locations pursuant to, as applicable, paragraphs (c)(1)(A), (B) and (C) under Rule 3110. The Remote Inspections Pilot Program shall cover required inspections of such offices or locations for a period of three years starting on July 1, 2024 ("pilot period"), and such pilot period shall expire on June 30, 2027. If the pilot period is not extended or Rule 3110.18, as may be amended, is not approved as permanent by the Commission, this Supplementary Material will automatically sunset on June 30, 2027. Members will not be able to participate in the Remote Inspections Pilot Program after such date.

(b) Risk Assessment

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(1) Standards for Reasonable Review. Subject to paragraphs (c), (f) and (g) of this Supplementary Material, each member obligated to conduct an inspection of an office or location pursuant to, as applicable, paragraphs (c)(1)(A), (B) and (C) under Rule 3110 may, subject to the requirements of this Rule 3110.18, elect to conduct the applicable inspection remotely, without necessarily an on-site visit for an office or location, when the member reasonably determines that the purposes of this Supplementary Material can be accomplished by conducting such required inspection remotely. Prior to electing a remote inspection for an office or location, rather than an on-site inspection, the firm must develop a reasonable risk-based approach to using remote inspections, and conduct and document a risk assessment for that office or location. The assessment must document the factors considered, including the factors set forth in Rule 3110.12 and must take into account any higher risk activities that take place at, or higher risk associated persons that are assigned to, that office or location. A member or its office or location that is ineligible for remote inspections because of either paragraphs (f) or (g) of this Supplementary Material must conduct an on-site inspection of that office or location on the applicable mandatory schedule under Rule 3110(c)(1). Notwithstanding Rule 3110.18, a member shall remain subject to the other requirements of Rule 3110(c).

(2) Other Factors to Consider for Risk Assessment. In addition to the requirements under paragraph (b)(1) of this Supplementary Material, a member shall consider, among other things, the following factors with respect to an office or location in making its risk assessment for remotely inspecting an office or location: (A) the volume and nature of customer complaints; (B) the volume and nature of outside business activities, particularly investment-related; (C) the volume and complexity of products offered; (D) the nature of the customer base, including vulnerable adult investors; (E) whether associated persons are subject to heightened supervision; (F) failures by associated persons to comply with the member's written supervisory procedures; and (G) any recordkeeping violations. In addition, consistent with Rule 3110.12, members should conduct on-site inspections or make more frequent use of unannounced, on-site inspections for high-risk offices or locations or where there are indicators of irregularities or misconduct (i.e., "red flags"). Moreover, consistent with Rule 3110(a), the member's supervisory system must take into consideration any red flags when determining whether to conduct a remote inspection of an office or location.

(c) Written Supervisory Procedures for Remote Inspections. Consistent with a member's obligation under Rule 3110(b), a member that elects to participate in the Remote Inspections Pilot Program must establish, maintain, and enforce written supervisory procedures regarding remote inspections that are reasonably designed to detect and prevent violations of and achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Reasonably designed procedures for conducting remote inspections of offices or locations must address, among other things: (1) the methodology, including technology, that may be used to conduct remote inspections; (2) the factors considered in the risk assessment made for each applicable office or location pursuant to paragraph (b) of this Supplementary Material; (3) the procedures specified in paragraph (h)(1)(G) and (h)(4) of this Supplementary Material; and (4) the use of other risk-based systems employed generally by the member to identify and prioritize for review those areas that pose the greatest risk of potential violations of applicable securities laws and regulations, and of applicable FINRA rules.

(d) Effective Supervisory System. The requirement to conduct inspections of offices and locations is one part of the member's overall obligation to have an effective supervisory system and therefore the member must maintain its ongoing review of the activities and functions occurring at all offices and locations, whether or not the member conducts inspections remotely. A member's use of a remote inspection of an office or location will be held to the same standards for review as set forth under Rule 3110.12. Where a member's remote inspection of an office or location identifies any "red flags," the member may need to impose additional supervisory procedures for that office or location or may need to provide for more frequent monitoring of that office or location, including potentially a subsequent on-site visit on an announced or unannounced basis.

(e) Documentation Requirement. A member must maintain and preserve a centralized record for each of the Pilot Years specified in this Remote Inspections Pilot Program that separately identifies: (1) all offices or locations that were inspected remotely; and (2) any offices or locations for which the member determined to impose additional supervisory procedures or more frequent monitoring, as provided in paragraph (d) of this Supplementary Material. A member's documentation of the results of a remote inspection for an office or location must identify any additional supervisory procedures or more frequent monitoring for that office or location that were imposed as a result of the remote inspection, including whether an on-site inspection was conducted at such office or location.

(f) Firm Level Requirements

(1) Firm Level Ineligibility Criteria

A member shall not be eligible to conduct remote inspections of any of its offices or locations in accordance with this Supplementary Material if any time during the pilot period the member:

(A) is or becomes designated as Restricted Firm under Rule 4111;

(B) is or becomes designated as a Taping Firm under Rule 3170;

(C) receives a notice from FINRA pursuant to Rule 9557 regarding compliance with Rule 4110 (Capital Compliance), Rule 4120 (Regulatory Notification and Business Curtailment) or Rule 4130 (Regulation of Activities of Section 15C Members Experiencing Financial and/or Operational Difficulties);

(D) is or becomes suspended from membership by FINRA;

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(E) based on the date in the Central Registration Depository (CRD), had its FINRA membership become effective within the prior 12 months; or

(F) is or has been found within the past three years by the SEC or FINRA to have violated Rule 3110(c) (Internal Inspections).

(2) Firm Level Conditions

As part of the requirements in paragraph (b) to develop a reasonably designed risk-based approach to using remote inspections and to conduct and document a risk assessment for each office or location, the member must satisfy the following conditions:

(A) Recordkeeping System

The member must have a recordkeeping system:

(i) to make and keep current, and preserve records required to be made and kept current, and preserved under applicable securities laws and regulations, FINRA rules, and the member's own written supervisory procedures under Rule 3110;

(ii) such records are not physically or electronically maintained and preserved at the office or location subject to the remote inspection; and

(iii) the member has prompt access to such records; and

(B) Surveillance and Technology Tools

The member must determine that its surveillance and technology tools are appropriate to supervise the types of risks presented by each such remotely supervised office or location. These tools may include but are not limited to:

(i) firm-wide tools such as electronic recordkeeping systems; electronic surveillance of e-mail and correspondence; electronic trade blotters; regular activity-based sampling reviews; and tools for visual inspections;

(ii) tools specifically applied to such office or location based on the activities of associated persons, products offered, restrictions on the activity of the office or location (including holding out to customers and handling of customer funds or securities); and

(iii) system security tools such as secure network connections and effective cybersecurity protocols.

(g) Location Level Requirements

(1) Location Level Ineligibility Criteria

Subject to paragraph (f) of this Supplementary Material, a member's office or location shall not be eligible for a remote inspection in accordance with this Supplementary Material if at any time during the pilot period:

(A) one or more associated persons at such office or location is or becomes subject to a mandatory heightened supervisory plan under the rules of the SEC, FINRA or a state regulatory agency;

(B) one or more associated persons at such office or location is or becomes statutorily disqualified, unless such disqualified person has been approved (or is otherwise permitted pursuant to FINRA rules and the federal securities laws) to associate with a member and is not subject to a mandatory heightened supervisory plan under paragraph (g)(1)(A) of this Supplementary Material or otherwise as a condition to approval or permission for such association;

(C) the firm is or becomes subject to Rule 1017(a)(7) as a result of one or more associated persons at such office or location;

(D) one or more associated persons at such office or location has an event in the prior three years that required a "yes" response to any item in Questions 14A(1)(a) and 2(a), 14B(1)(a) and 2(a), 14C, 14D and 14E on Form U4;

(E) one or more associated persons at such office or location is or becomes subject to a disciplinary action taken by the member that is or was reportable under Rule 4530(a)(2);

(F) one or more associated persons at such office or location is engaged in proprietary trading, including the incidental crossing of customer orders, or the direct supervision of such activities; or

(G) the office or location handles customer funds or securities.

(2) Location Level Conditions

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

As part of the requirement to develop a reasonably designed risk-based approach to using remote inspections, and the requirement to conduct and document a risk assessment for each office or location in accordance with paragraph (b) of this Supplementary Material, a specific office or location of the member must also satisfy the following conditions:

(A) electronic communications (e.g., e-mail) are made through the member's electronic system;

(B) the associated person's correspondence and communications with the public are subject to the firm's supervision in accordance with Rule 3110; and

(C) no books or records of the member required to be made and kept current, and preserved under applicable securities laws and regulations, FINRA rules and the member's own written supervisory procedures under Rule 3110 are physically or electronically maintained and preserved at such office or location.

(h) Data and Information Collection Requirement

(1) Data and Information. A member that elects to participate in the Remote Inspections Pilot Program shall collect the following data and information and provide such data and information to FINRA, on a quarterly basis, and in the manner and format determined by FINRA. For the items referenced in paragraphs (h)(1)(A) through (F) of this Supplementary Material, a member shall provide separate counts for OSJs, supervisory branch offices, non-supervisory branch offices, and non-branch locations consistent with paragraphs (c)(1)(A), (B) and (C) under Rule 3110. For purposes of this paragraph, the term "finding" means a discovery made during an inspection that led to a remedial action or was listed on the member's inspection report:

(A) number of offices and locations with an inspection completed during each calendar quarter;

(B) number of offices and locations in paragraph (h)(1)(A) that were inspected remotely;

(C) number of offices and locations in paragraph (h)(1)(A) that were inspected on-site;

(D) number of offices and locations in paragraph (h)(1)(C) that were inspected on-site because of a finding;

(E) number of offices and locations in paragraph (h)(1)(B) where findings were identified, the number of those findings and a list of the significant findings;

(F) number of offices and locations in paragraph (h)(1)(C) where findings were identified, the number of those findings and a list of the significant findings; and

(G) requirements of the written supervisory procedures for Remote Inspections in each of the four areas below. This information should be provided with the first delivery of data made pursuant to this paragraph, and thereafter with the first delivery of such data made after any amendments to the written supervisory procedures for Remote Inspections:

(i) procedures for escalating significant findings;

(ii) procedures for new hires;

(iii) procedures for supervising brokers with a significant history of misconduct; and

(iv) procedures related to outside business activities (OBAs) and doing business as (DBA) designations.

(2) Additional Data and Information for Pilot Year 1, if Less Than Full Calendar Year. In addition to the information set forth in paragraph (h)(1) of this Supplementary Material, if Pilot Year 1 covers a period that is less than a full calendar year, a member that elects to participate in the Remote Inspections Pilot Program shall collect the following data and information and provide such data and information to FINRA no later than December 31 of such first Pilot Year in the manner and format determined by FINRA. For the items referenced in paragraphs (h)(2)(A) through (E) of this Supplementary Material, a member shall provide separate counts for OSJs, supervisory branch offices, non-supervisory branch offices, and non-branch locations consistent with paragraphs (c)(1)(A), (B) and (C) under Rule 3110:

(A) the number of offices and locations with an inspection completed between January 1 of Pilot Year 1 and the day before the effective date of the Remote Inspections Pilot Program;

(B) the number of offices and locations in paragraph (h)(2)(A) that were inspected remotely between January 1 of Pilot Year 1 and the day before the effective date of the Remote Inspections Pilot Program;

(C) the number of offices and locations in paragraph (h)(2)(A) that were inspected on-site between January 1 of Pilot Year 1 and the day before the effective date of the Remote Inspections Pilot Program;

(D) the number of offices and locations in paragraph (h)(2)(B) where findings were identified, the number of those findings and a list of the significant findings; and

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(E) the number of offices and locations in paragraph (h)(2)(C) where findings were identified, the number of those findings and a list of the significant findings.

(3) Additional Data and Information for Calendar Year 2019. In addition to the information set forth in paragraphs (h)(1) and (h)(2) of this Supplementary Material, for calendar year 2019, a member that elects to participate in the Remote Inspections Pilot Program shall act in good faith using best efforts to collect the following data and information and provide such data and information to FINRA no later than December 31 of Pilot Year 1 in the manner and format determined by FINRA. For the items referenced in paragraphs (h)(3)(A) and (B) of this Supplementary Material, a member shall provide separate counts for OSJs, supervisory branch offices, non-supervisory branch offices, and non-branch locations consistent with paragraphs (c)(1)(A), (B) and (C) under Rule 3110:

(A) the number of offices and locations with an inspection completed during calendar year 2019; and

(B) the number of offices and locations referenced in paragraph (h)(3)(A) where findings were identified, the number of those findings and a list of the significant findings.

(4) Written Policies and Procedures. A member shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the data and information collection, and transmission requirements of paragraph (h) of this Supplementary Material.

(i) Election to Participate in Remote Inspections Pilot Program. A member that elects to participate in the Remote Inspections Pilot Program for any Pilot Year shall, at least five calendar days before the beginning of such Pilot Year, provide FINRA an "opt-in notice" in the manner and format determined by FINRA. By providing such opt-in notice to FINRA, the member agrees to participate in the Remote Inspections Pilot Program for the duration of such Pilot Year and to comply with the requirements of Rule 3110.18. A member that provides an opt-in notice for a Pilot Year shall be automatically deemed to have elected and agreed to participate in the Remote Inspections Pilot Program for subsequent Pilot Years until the Remote Inspections Pilot Program expires. A member that elects to withdraw from subsequent Pilot Years (i.e., Pilot Year 2, Pilot Year 3, and Pilot Year 4, if applicable) shall, at least five calendar days before the end of the then current Pilot Year, provide FINRA with a "opt-out notice" in the manner and format determined by FINRA. FINRA may, in exceptional cases and where good cause is shown, waive the applicable timeframes for the required opt-in or opt-out notices.

(j) Failure to Satisfy Conditions. A member that fails to satisfy the conditions of Rule 3110.18, including the requirement to timely collect and submit the data and information to FINRA as set forth in paragraph (h) of this Supplementary Material, shall be ineligible to participate in the Remote Inspections Pilot Program and must conduct on-site inspections of each office and location on the required cycle in accordance with Rule 3110(c).

(k) Determination of Ineligibility. FINRA may make a determination in the public interest and for the protection of investors that a member is no longer eligible to participate in the Pilot Program if the member fails to comply with the requirements of Rule 3110.18. In such instances, FINRA will provide written notice to the member of such determination and the member would no longer be eligible to participate in the Pilot Program and must conduct on-site inspections of required offices and locations in accordance with Rule 3110(c).

(l) Definitions. For purposes of this Supplementary Material, the term "Pilot Year" shall mean the following:

(1) Pilot Year 1 is the period beginning on July 1, 2024 and ending on December 31 of the same year;

(2) Pilot Year 2 means the calendar year period following Pilot Year 1, beginning on January 1 and ending on December 31;

(3) Pilot Year 3 means the calendar year period following Pilot Year 2, beginning on January 1 and ending on December 31; and

(4) If applicable, where Pilot Year 1 covers a period that is less than a full calendar year, then Pilot Year 4 means the period following Pilot Year 3, beginning on January 1 and ending on June 30, 2027.

(m) Sunset of Rule 3110.17. If Rule 3110.17 has not already expired by its own terms, Rule 3110.17 will automatically sunset on June 30, 2024.

.19 Residential Supervisory Location

(a) Conditions for Designation as a Residential Supervisory Location (RSL). Notwithstanding any other provisions of Rule 3110(f) and subject to paragraphs (b), (c) and (d) of this Supplementary Material, a location that is the associated person's private residence where supervisory activities are conducted, including those described in Rule 3110(f)(1)(D) through (G) or in Rule 3110(f)(2)(B), shall be considered for those activities a non-branch location, provided that:

(1) only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location;

(2) the location is not held out to the public as an office;

(3) the associated person does not meet with customers or prospective customers at the location;

(4) any sales activity that takes place at the location complies with the conditions set forth under Rule 3110(f)(2)(A)(ii) or (iii);

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(5) neither customer funds nor securities are handled at that location;

(6) the associated person is assigned to a designated branch office, and such designated branch office is reflected on all business cards, stationery, retail communications and other communications to the public by such associated person;

(7) the associated person's correspondence and communications with the public are subject to the firm's supervision in accordance with this Rule;

(8) the associated person's electronic communications (e.g., e-mail) are made through the member's electronic system;

(9)(A) the member must have a recordkeeping system to make and keep current, and preserve records required to be made and kept current, and preserved under applicable securities laws and regulations, FINRA rules, and the member's own written supervisory procedures under Rule 3110; (B) such records are not physically or electronically maintained and preserved at the office or location; and (C) the member has prompt access to such records; and

(10) the member must determine that its surveillance and technology tools are appropriate to supervise the types of risks presented by each Residential Supervisory Location, and these tools may include but are not limited to: (A) firm-wide tools such as, electronic recordkeeping system; electronic surveillance of e-mail and correspondence; electronic trade blotters; regular activity-based sampling reviews; and tools for visual inspections; (B) tools specific to the RSL based on the activities of associated person assigned to the location, products offered, restrictions on the activity of the RSL; and (C) system tools such as secure network connections and effective cybersecurity protocols.

(b) Member Firm Ineligibility Criteria. A member shall not be eligible to designate an office or location as an RSL in accordance with Rule 3110.19 if the member:

(1) is currently designated as a Restricted Firm under Rule 4111;

(2) is currently designated as a Taping Firm under Rule 3170;

(3) is currently undergoing, or is required to undergo, a review under Rule 1017(a)(7) as a result of one or more associated persons at such location;

(4) receives a notice from FINRA pursuant to Rule 9557 (Procedures for Regulating Activities under Rule 4110 (Capital Compliance), Rule 4120 (Regulatory Notification and Business Curtailment) or Rule 4130 (Regulation of Activities of Section 15C Members Experiencing Financial and/or Operational Difficulties)), unless FINRA has otherwise permitted activities in writing pursuant to such rule;

(5) is or becomes suspended by FINRA;

(6) based on the date in the Central Registration Depository (CRD), had its FINRA membership become effective within the prior 12 months; or

(7) is or has been found within the past three years by the SEC or FINRA to have violated Rule 3110(c).

(c) Location Ineligibility Criteria. An office or location shall not be eligible for designation as an RSL in accordance with Rule 3110.19 if one or more associated persons at such office or location:

(1) is a designated supervisor who has less than one year of direct supervisory experience with the member, or an affiliate or subsidiary of the member that is registered as a broker-dealer or investment adviser;

(2) is functioning as a principal for a limited period in accordance with Rule 1210.04;

(3) is subject to a mandatory heightened supervisory plan under the rules of the SEC, FINRA or state regulatory agency;

(4) is statutorily disqualified, unless such disqualified person has been approved (or is otherwise permitted pursuant to FINRA rules and the federal securities laws) to associate with a member and is not subject to a mandatory heightened supervisory plan under paragraph (c)(3) of this Supplementary Material or otherwise as a condition to approval or permission for such association;

(5) has an event in the prior three years that required a "yes" response to any item in Questions 14A(1)(a) and 2(a), 14B(1)(a) and 2(a), 14C, 14D and 14E on Form U4; or

(6) has been notified in writing that such associated person is now subject to, any Investigation or Proceeding, as such terms are defined in the Explanation of Terms for the Form U4 (Uniform Application for Securities Industry Registration or Transfer), by the SEC, a self-regulatory organization, including FINRA, or state securities commission (or agency or office performing like functions) (each, a "Regulator") expressly alleging they have failed reasonably to supervise another person subject to their supervision, with a view to preventing the violation of any provision of the Securities Act, the Exchange Act, the Investment Advisers Act, the Investment Company Act, the Commodity Exchange Act, any state law pertaining to the regulation of securities or any rule or regulation under any of such Acts or laws, or any of the

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

rules of the MSRB or other self-regulatory organization, including FINRA; provided, however, such office or location may be designated or redesignated as an RSL subject to the requirements of this Supplementary Material upon the earlier of: (i) the member's receipt of written notification from the applicable Regulator that such Investigation has concluded without further action; or (ii) one year from the date of the last communication from such Regulator relating to such Investigation.

(d) Obligation to Provide Information Identifying RSLs to FINRA. A member that elects to designate any office or location of the member as an RSL pursuant to this Supplementary Material shall provide FINRA with current information identifying all locations designated as RSLs in the frequency, manner and format (e.g., through an electronic process or such other process) as FINRA may prescribe.

(e) Risk Assessment. Subject to the requirements of this Supplementary Material, prior to designating an office or location as an RSL, the member must develop a reasonable risk-based approach to designating such office or location as an RSL, and conduct and document a risk assessment for the associated person assigned to that office or location. The assessment must document the factors considered, including among others, whether the associated person at such office or location is now subject to: (1) customer complaints, taking into account the volume and nature of the complaints; (2) heightened supervision other than where such office or location is ineligible for RSL designation under paragraph (c)(3) of this Supplementary Material; (3) any failure to comply with the member's written supervisory procedures; (4) any recordkeeping violation; and (5) any regulatory communications from a Regulator, indicating that the associated person at such office or location failed reasonably to supervise another person subject to their supervision, including but not limited to, subpoenas, preliminary or routine regulatory inquiries or requests for information, deficiency letters, "blue sheet" requests or other trading questionnaires, or examinations. The member must take into account any higher risk activities that take place or a higher risk associated person that is assigned to that office or location. Consistent with its obligation under Rule 3110(a), the member's supervisory system must take into consideration any indicators of irregularities or misconduct (i.e., "red flags") when designating an office or location as an RSL. Red flags should also be reviewed in determining whether it is reasonable to maintain the RSL designation of such office or location in accordance with the requirements of this Supplementary Material and the member should consider evidencing steps taken to address those red flags where appropriate.

---

* Where such office of convenience is located on bank premises, signage necessary to comply with applicable federal and state laws, rules and regulations and applicable rules and regulations of other self-regulatory organizations, and securities and banking regulators may be displayed and shall not be deemed "holding out" for purposes of this section.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

Amended by SR-FINRA-2024-015 eff. Nov. 26, 2024.
Amended by SR-FINRA-2023-007 eff. July 1, 2024.
Amended by SR-FINRA-2023-006 eff. June 1, 2024.
Amended by SR-FINRA-2023-012 eff. Jan. 1, 2024.
Amended by SR-FINRA-2022-030 eff. Jan. 1, 2023.
Amended by SR-FINRA-2022-001 eff. July 1, 2022.
Amended by SR-FINRA-2021-023 eff. Jan. 1, 2022.
Amended by SR-FINRA-2020-040 eff. Nov. 6, 2020.
Amended by SR-FINRA-2020-019 eff. June 19, 2020.
Amended by SR-FINRA-2017-004 eff. April 3, 2017.
Amended by SR-FINRA-2015-005 eff. July 31, 2015.
Amended by SR-FINRA-2014-038 eff. July 1, 2015.
Amended by SR-FINRA-2013-025 eff. Dec. 1, 2014.
Amended by SR-FINRA-2014-038 eff. April 24, 2014.
Amended by SR-FINRA-2013-001 eff. Feb. 4, 2013.
Amended by SR-FINRA-2007-008 eff. Dec. 19, 2007.
Amended by SR-NASD-2006-037 eff. July 3, 2006.
Amended by SR-NASD-2005-033 eff. Aug. 1, 2005.
Amended by SR-NASD-2005-004 eff. July 25, 2005
Amended by SR-NASD-2002-162 and SR-NASD-2004-116 eff. Jan. 31, 2005.
Amended by SR-NASD-2002-40 eff. Oct. 15, 2002.
Amended by SR-NASD-2002-04 eff. Oct. 14, 2002.
Amended by SR-NASD-99-28 eff. Aug. 16, 1999.
Amended by SR-NASD-98-52 eff. March 15, 1999.
Amended by SR-NASD-98-86 eff. Nov. 19, 1998.
Amended by SR-NASD-97-69 eff. August 17, 1998.
Amended by SR-NASD-98-45 postponed eff. date of provision in Notice to Members 98-11.
Amended by SR-NASD-98-31 eff. Apr. 7, 1998, postponed eff. date of provision in Notice to Members.
Amended by SR-NASD-98-10 postponed eff. date.
Amended by SR-NASD-97-24 eff. Feb. 15, 1998.
Amended by SR-NASD-97-41 eff. Sept. 4, 1997.
Amended by SR-NASD-91-42 eff. Apr. 30, 1992.
Amended by SR-NASD-88-31 eff. June 12, 1989.

Selected Notices to Members: 86-65, 87-41, 88-11, 88-44, 88-68, 88-84, 89-23, 89-34, 89-57, 91-48, 92-18, 96-33, 96-59, 96-82, 98-11, 98-18, 98-38, 98-52, 98-96, 99-03, 99-45, 04-71, 05-67, 06-13, 07-64, 14-10, 24-02.

‹ 3100. SUPERVISORY RESPONSIBILITIES UP 3120. SUPERVISORY CONTROL SYSTEM ›

VERSIONS

Nov 26, 2024 onwards

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3120. Supervisory Control System

(a) Each member shall designate and specifically identify to FINRA one or more principals who shall establish, maintain, and enforce a system of supervisory control policies and procedures that:

(1) test and verify that the member's supervisory procedures are reasonably designed with respect to the activities of the member and its associated persons, to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules; and

(2) create additional or amend supervisory procedures where the need is identified by such testing and verification. The designated principal or principals must submit to the member's senior management no less than annually, a report detailing each member's system of supervisory controls, the summary of the test results and significant identified exceptions, and any additional or amended supervisory procedures created in response to the test results.

(b) Each report provided to senior management pursuant to paragraph (a) in the calendar year following a calendar year in which a member reported $200 million or more in gross revenue must include, to the extent applicable to the member's business:

(1) a tabulation of the reports pertaining to customer complaints and internal investigations made to FINRA during the preceding year; and

(2) discussion of the preceding year's compliance efforts, including procedures and educational programs, in each of the following areas:

(A) trading and market activities;

(B) investment banking activities;

(C) antifraud and sales practices;

(D) finance and operations;

(E) supervision; and

(F) anti-money laundering.

(c) For purposes of paragraph (b), "gross revenue" is defined as:

(1) total revenue as reported on FOCUS Form Part II or IIA (line item 4030) less commodities revenue (line item 3990), if applicable; or

(2) total revenue as reported on FOCUS Form Part II CSE (line item 4030) less, if applicable, (A) commissions on commodity transactions (line item 3991); and (B) commodities gains or losses (line items 3924 and 3904).

Amended by SR-FINRA-2013-025 eff. Dec. 1, 2014.
Amended by SR-NASD-2005-084 eff. Feb. 14, 2006.
Amended by SR-NASD-2005-121 eff. Oct. 14, 2005.
Amended by SR-NASD-2004-116 eff. Jan. 31, 2005.
Adopted by SR-NASD-2002-162 eff. Jan. 31, 2005.

Selected Notices: 04-71, 05-29, 06-04, 14-10.

‹ 3110. SUPERVISION UP 3130. ANNUAL CERTIFICATION OF COMPLIANCE AND SUPERVISORY PROCESSES ›

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3130. Annual Certification of Compliance and Supervisory Processes

(a) Designation of Chief Compliance Officer(s)

Each member shall designate and specifically identify to FINRA on Schedule A of Form BD one or more principals to serve as a chief compliance officer.

(b) Annual Certification Requirement

Each member shall have its chief executive officer(s) (or equivalent officer(s)) certify annually,[1] as set forth in paragraph (c), that the member has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory procedures reasonably designed to achieve compliance with applicable FINRA rules, MSRB rules and federal securities laws and regulations, and that the chief executive officer(s) has conducted one or more meetings with the chief compliance officer(s) in the preceding 12 months to discuss such processes.

(c) Certification

The certification shall state the following:

The undersigned is/are the chief executive officer(s) (or equivalent officer(s)) of (name of member corporation/partnership/sole proprietorship) (the "Member"). As required by FINRA Rule 3130(b), the undersigned make(s) the following certification:

1. The Member has in place processes to:

(A) establish, maintain and review policies and procedures reasonably designed to achieve compliance with applicable FINRA rules, MSRB rules and federal securities laws and regulations;

(B) modify such policies and procedures as business, regulatory and legislative changes and events dictate; and

(C) test the effectiveness of such policies and procedures on a periodic basis, the timing and extent of which is reasonably designed to ensure continuing compliance with FINRA rules, MSRB rules and federal securities laws and regulations.

2. The undersigned chief executive officer(s) (or equivalent officer(s)) has/have conducted one or more meetings with the chief compliance officer(s) in the preceding 12 months, the subject of which satisfy the obligations set forth in FINRA Rule 3130.

3. The Member's processes, with respect to paragraph 1 above, are evidenced in a report reviewed by the chief executive officer(s) (or equivalent officer(s)), chief compliance officer(s), and such other officers as the Member may deem necessary to make this certification. The final report has been submitted to the Member's board of directors and audit committee or will be submitted to the Member's board of directors and audit committee (or equivalent bodies) at the earlier of their next scheduled meetings or within 45 days of the date of execution of this certification.

4. The undersigned chief executive officer(s) (or equivalent officer(s)) has/have consulted with the chief compliance officer(s) and other officers as applicable (referenced in paragraph 3 above) and such other employees, outside consultants, lawyers and accountants, to the extent deemed appropriate, in order to attest to the statements made in this certification.

---

[1] Members must ensure that each ensuing annual certification is effected no later than on the anniversary date of the previous year's certification.

• • • Supplementary Material: ----------

.01 Designation of Co-Chief Executive Officers. A member may choose to designate a second co-chief executive officer, provided that each of the two chief executive officers must individually discharge all of the obligations set forth in Rule 3130, and each shall be held responsible for the representations in the certification as if they were the member's only chief executive officer. Designation of a co-chief executive officer pursuant to this Rule applies only for the purposes of this Rule and has no effect on any other regulatory obligation imposed on a member or its chief executive officer.

.02 Designation of Multiple Chief Compliance Officers. FINRA recognizes that compliance expertise may reside in more than one individual in firms with distinct business segments. Therefore, a member may choose to designate more than one chief compliance officer, provided that (1) each designated chief compliance officer is a principal; (2) the member precisely defines and documents the areas of primary compliance responsibility assigned to each designated chief compliance officer and makes specific provisions for which of the designated chief compliance officers has primary compliance responsibility in areas that can reasonably be expected to overlap; (3) each designated chief compliance officer

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

satisfies all of the requirements of Rule 3130 with respect to his or her defined area of primary compliance responsibility as if that individual was the member's only chief compliance officer and (4) collectively, the designated chief compliance officers have the responsibilities and expertise that enable them to consult with the chief executive officer(s) on the totality of the subject matters required to be addressed in the certification by the chief executive officer(s) under Rule 3130. Thus, for example, a member that chooses to have multiple chief compliance officers is required to conduct one or more meetings annually between the chief executive officer(s) (or equivalent officer(s)) and each designated chief compliance officer, individually or collectively. At each such meeting, the chief executive officer (or equivalent officer) would be required to discuss with each chief compliance officer the required topics, but only as it relates to the particular chief compliance officer's defined and documented area of primary compliance responsibility.

.03 Importance of Compliance Processes. It is critical that each FINRA member understand the importance of employing comprehensive and effective compliance policies and written supervisory procedures. Compliance with applicable FINRA rules, MSRB rules and federal securities laws and regulations is the foundation of ensuring investor protection and market integrity and is essential to the efficacy of self-regulation. Consequently, the certification requirement is intended to require processes by each member to establish, maintain, review, test and modify its compliance policies and written supervisory procedures in light of the nature of its businesses and the laws and rules that are applicable thereto, and to evidence such processes in a report reviewed by the chief executive officer(s) (or equivalent officer(s)) executing the certification.

.04 Content of Meetings Between Chief Executive Officer and Chief Compliance Officer. Included in this processes requirement is an obligation on the part of the member to conduct one or more meetings annually between the chief executive officer(s) (or equivalent officer(s)) and the chief compliance officer(s) to: (1) discuss and review the matters that are the subject of the certification; (2) discuss and review the member's compliance efforts as of the date of such meetings; and (3) identify and address significant compliance problems and plans for emerging business areas.

.05 Role of the Chief Compliance Officer. The periodic and content requirements for meetings between the chief executive officer(s) (or equivalent officer(s)) and the chief compliance officer(s), as well as the pertinent requirements of paragraphs 3 and 4 of the certification, are intended to indicate the unique and integral role of a chief compliance officer both in the discharge of certain compliance processes and reporting requirements that are the subject matter of the certification and in providing a reliable basis upon which the chief executive officer(s) can execute the certification. A chief compliance officer is a primary advisor to the member on its overall compliance scheme and the particularized rules, policies and procedures that the member adopts. This is because a chief compliance officer should have an expertise in the process of (1) gaining an understanding of the products, services or line functions that need to be the subject of written compliance policies and written supervisory procedures; (2) identifying the relevant rules, regulations, laws and standards of conduct pertaining to such products, services or line functions based on experience and/or consultation with those persons who have a technical expertise in such areas of the member's business; (3) developing, or advising other business persons charged with the obligation to develop, policies and procedures that are reasonably designed to achieve compliance with those relevant rules, regulations, laws and standards of conduct; (4) evidencing the supervision by the line managers who are responsible for the execution of compliance policies; and (5) developing programs to test compliance with the member's policies and procedures.

It is the expertise in the process of compliance that makes a chief compliance officer an indispensable party to enable the chief executive officer(s) to reach the conclusions stated in the certification. Consequently, any certification made by a chief executive officer (or equivalent officer) under circumstances where a chief compliance officer has concluded, after consultation, that there is an inadequate basis for making such certification would be, without limitation, conduct inconsistent with the observance of the high standards of commercial honor and the just and equitable principles of trade — a violation of Rule 2010. Beyond the certification requirement, it is the intention of this Rule to foster regular and significant interaction between senior management and the chief compliance officer(s) regarding the member's comprehensive compliance program.

.06 Responsibility for Compliance Functions. The chief compliance officer(s) and other compliance officers that report to the chief compliance officer(s) (as described in the sentence that immediately follows) shall perform the compliance functions contemplated by this Rule, including paragraphs 3 and 4 of the certification. Nothing in this Rule is intended to limit or discourage the participation of other employees both within and without the member's compliance department in any aspect of the member's compliance programs or processes, including those matters discussed in this Rule. However, it is understood that a chief compliance officer and, where applicable, the most senior compliance officers having primary compliance department responsibility for each of the member's business segments, will retain responsibility for the compliance functions contemplated by this Rule, including paragraphs 3 and 4 of the certification.

As may be necessary to render their views and advice, the chief compliance officer(s) and the other officers referenced in paragraph 3 of the certification who consult with the chief executive officer(s) (or equivalent officer(s)) pursuant to paragraph 4, shall, in turn, consult with other employees, officers, outside consultants, lawyers and accountants.

.07 Effect of Certification on Business Line Responsibility. The FINRA Board of Governors recognizes that supervisors with business line responsibility are accountable for the discharge of a member's compliance policies and written supervisory procedures. The signatory to the certification is certifying only as to having processes in place to establish, maintain, review, test and modify the member's written compliance and supervisory policies and procedures and the execution of this certification and any consultation rendered in connection with such certification does not by itself establish business line responsibility.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

.08 Ability of Chief Compliance Officer to Hold Other Positions. The requirement to designate one or more chief compliance officers does not preclude such persons from holding any other position within the member, including the position of chief executive officer, provided that such persons can discharge the duties of a chief compliance officer in light of his or her other additional responsibilities.

.09 Members Without a Board of Directors or Audit Committee. The requirement that a member's processes include providing the report to the board of directors and audit committee (required by paragraph 3 of the certification) does not apply to members that do not utilize these types of governing bodies and committees in the conduct of their business.[2]

.10 Content of Report Documenting Processes. The report required in paragraph 3 of the certification must document the member's processes for establishing, maintaining, reviewing, testing and modifying compliance policies, that are reasonably designed to achieve compliance with applicable FINRA rules, MSRB rules and federal securities laws and regulations, and any principal designated by the member may prepare the report. The report must be produced prior to execution of the certification and be reviewed by the chief executive officer(s) (or equivalent officer(s)), chief compliance officer(s) and any other officers the member deems necessary to make the certification and must be provided to the member's board of directors and audit committee in final form either prior to execution of the certification or at the earlier of their next scheduled meetings or within 45 days of execution of the certification. The report should include the manner and frequency in which the processes are administered, as well as the identification of officers and supervisors who have responsibility for such administration. The report need not contain any conclusions produced as a result of following the processes set forth therein. The report may be combined with any other compliance report or other similar report required by any other self-regulatory organization provided that (1) such report is clearly titled in a manner indicating that it is responsive to the requirements of the certification and this Rule; (2) a member that submits a report for review in response to a FINRA request must submit the report in its entirety; and (3) the member makes such report in a timely manner, i.e., annually.

[2] As a part of their process, members must have the report reviewed by their governing bodies and committees that serve similar functions in lieu of a board of directors and audit committee.

Amended by SR-FINRA-2008-057 eff. Dec. 15, 2008.
Amended by SR-FINRA-2008-030 eff. Dec. 15, 2008.
Amended by SR-NASD-2007-049 eff. July 16, 2007.
Amended by SR-NASD-2005-121 eff. Oct. 14, 2005.
Adopted by SR-NASD-2003-176 eff. Dec. 1, 2004.

Selected Notices: 04-79, 07-32, 08-57.

‹ 3120. SUPERVISORY CONTROL SYSTEM UP 3150. HOLDING OF CUSTOMER MAIL ›

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3150. Holding of Customer Mail

(a) A member may hold mail for a customer who will not be receiving mail at his or her usual address, provided that:

(1) the member receives written instructions from the customer that include the time period during which the member is requested to hold the customer's mail. If the requested time period included in the instructions is longer than three consecutive months (including any aggregation of time periods from prior requests), the customer's instructions must include an acceptable reason for the request (e.g., safety or security concerns). Convenience is not an acceptable reason for holding mail longer than three months;

(2) the member:

(A) informs the customer in writing of any alternate methods, such as email or access through the member's website, that the customer may use to receive or monitor account activity and information; and

(B) obtains the customer's confirmation of the receipt of such information; and

(3) the member verifies at reasonable intervals that the customer's instructions still apply.

(b) During the time that a member is holding mail for a customer, the member must be able to communicate with the customer in a timely manner to provide important account information (e.g., privacy notices, the SIPC information disclosures required by Rule 2266), as necessary.

(c) A member holding a customer's mail pursuant to this Rule must take actions reasonably designed to ensure that the customer's mail is not tampered with, held without the customer's consent, or used by an associated person of the member in any manner that would violate FINRA rules or the federal securities laws.

Adopted by SR-FINRA-2013-025 eff. Dec. 1, 2014.

Selected Notice: 14-10.

‹ 3130. ANNUAL CERTIFICATION OF COMPLIANCE AND SUPERVISORY PROCESSES UP 3160. NETWORKING ARRANGEMENTS BETWEEN MEMBERS AND FINANCIAL INSTITUTIONS ›

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3160. Networking Arrangements Between Members and Financial Institutions

(a) Standards for Member Conduct

Except as otherwise provided in this Rule, a member that is a party to a networking arrangement under which the member conducts broker-dealer services on or off the premises of a financial institution is subject to the following requirements:

(1) Setting

A member that conducts broker-dealer services on the premises of a financial institution shall:

(A) be clearly identified as the person providing broker-dealer services and shall distinguish its broker-dealer services from the services of the financial institution;

(B) conduct its broker-dealer services in an area that displays clearly the member's name; and

(C) to the extent practicable, maintain its broker-dealer services in a location physically separate from the routine retail deposit-taking activities of the financial institution.

(2) Networking Agreements

(A) Networking arrangements between a member and a financial institution shall be governed by a written agreement that sets forth the responsibilities of the parties and the compensation arrangements and include all broker-dealer obligations, as applicable, set forth in Rule 701 of SEC Regulation R. Independent of their contractual obligations, members shall comply with all broker-dealer obligations, as applicable, under Rule 701 of SEC Regulation R.

(B) The member shall ensure that the written agreement stipulates that supervisory personnel of the member and representatives of the SEC and FINRA will be permitted access to the financial institution's premises where the member conducts broker-dealer services, as applicable, in order to inspect the books and records and other relevant information maintained by the member with respect to its broker-dealer services.

(3) Customer Disclosure

(A) At or prior to the time that a customer account is opened by a member that is a party to a networking arrangement, the member shall disclose in writing to each customer that the broker-dealer services are being provided by the member and not by the financial institution, and that the securities products purchased or sold in a transaction are:

(i) not insured by the Federal Deposit Insurance Corporation ("FDIC");

(ii) not deposits or other obligations of the financial institution and are not guaranteed by the financial institution; and

(iii) subject to investment risks, including possible loss of the principal invested.

(B) The disclosures required by paragraph (a)(3)(A) of this Rule also shall be made orally by a member that is a party to a networking arrangement for any customer account opened on the premises of a financial institution.

(4) Communications with the Public

(A) All member confirmations and account statements shall indicate clearly that the broker-dealer services are being provided by the member.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(B) Retail communications, including material published, or designed for use, in radio or television broadcasts, Automated Teller Machine ("ATM") screens, billboards, signs, posters and brochures, that announce the location of a financial institution where broker-dealer services are provided by the member or promote the name or services of the financial institution or that are distributed by the member on the premises of a financial institution or at such other location where the financial institution is present or represented shall include the disclosures required by paragraph (a)(3) of this Rule. The following legend may be used to provide these disclosures in retail communications, provided that such disclosures are displayed in a conspicuous manner:

- Not FDIC Insured
- No Bank Guarantee
- May Lose Value

(C) As long as the omission of the disclosures required by paragraph (a)(4)(B) of this Rule would not cause the retail communications to be misleading in light of the context in which the material is presented, such disclosures are not required with respect to messages contained in:

(i) radio broadcasts of 30 seconds or less;

(ii) electronic signs, including billboard-type signs that are electronic, time and temperature signs and ticker tape signs, but excluding messages contained in such media as television, online services or ATMs; and

(iii) signs, such as banners and posters, when used only as location indicators.

(5) Notifications of Terminations

A member shall promptly notify the financial institution if any associated person of the member who is employed by the financial institution is terminated for cause by the member.

(b) Definitions

For purposes of this Rule, the following terms shall have the meanings specified below:

(1) "Financial institution" shall mean federal and state-chartered banks, savings and loan associations, savings banks, credit unions, and the service corporations of such institutions required by law.

(2) "Networking arrangement" shall mean a contractual or other written agreement between a member and a financial institution under which the member offers broker-dealer services on or off the premises of the financial institution.

(3) "Broker-dealer services" shall mean investment banking or securities business as defined in Article I of the FINRA By-Laws.

Amended by SR-FINRA-2013-001 eff. Feb. 4, 2013.
Amended by SR-FINRA-2010-023 eff. June 14, 2010.
Amended by SR-FINRA-2009-047 eff. June 14, 2010.
Adopted by SR-NASD-95-63 eff. Feb. 15, 1998.

Selected Notices: 94-94, 96-3, 97-26, 97-89, 10-21.

‹ 3150. HOLDING OF CUSTOMER MAIL UP 3170. TAPE RECORDING OF REGISTERED PERSONS BY CERTAIN FIRMS ›

VERSIONS

Feb 04, 2013 onwards

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3170. Tape Recording of Registered Persons by Certain Firms

(a) Definitions

(1) For purposes of this Rule, the term "registered person" means any person registered with FINRA as a representative, principal, or assistant representative pursuant to the FINRA Rule 1200 Series or Municipal Securities Rulemaking Board (MSRB) Rule G-3.

(2) For purposes of this Rule, the term "disciplined firm" means:

(A) a member that, in connection with sales practices involving the offer, purchase, or sale of any security, has been expelled from membership or participation in any securities industry self-regulatory organization or is subject to an order of the SEC revoking its registration as a broker-dealer;

(B) a futures commission merchant or introducing broker that has been formally charged by either the Commodity Futures Trading Commission or a registered futures association with deceptive telemarketing practices or promotional material relating to security futures, those charges have been resolved, and the futures commission merchant or introducing broker has been closed down and permanently barred from the futures industry as a result of those charges; or

(C) a futures commission merchant or introducing broker that, in connection with sales practices involving the offer, purchase, or sale of security futures is subject to an order of the SEC revoking its registration as a broker or dealer.

(3) For purposes of this Rule, the term "disciplinary history" means a finding of a violation by a registered person in the past five years by the SEC, a self-regulatory organization, or a foreign financial regulatory authority of one or more of the following provisions (or comparable foreign provision) or rules or regulations thereunder: violations of the types enumerated in Exchange Act Section 15(b)(4)(E); Exchange Act Section 15(c); Securities Act Section 17(a); SEA Rules 10b-5 and 15g-1 through 15g-9; NASD Rule 2110 (Standards of Commercial Honor and Principles of Trade) or FINRA Rule 2010 (Standards of Commercial Honor and Principles of Trade) (only if the finding of a violation of NASD Rule 2110 or FINRA Rule 2010 is for unauthorized trading, churning, conversion, material misrepresentations or omissions to a customer, frontrunning, trading ahead of research reports or excessive markups), FINRA Rule 5280 (Trading Ahead of Research Reports), NASD Rule 2120 (Use of Manipulative, Deceptive or Other Fraudulent Devices) or FINRA Rule 2020 (Use of Manipulative, Deceptive or Other Fraudulent Devices), NASD Rule 2310 (Recommendations to Customers (Suitability)) or FINRA Rule 2111 (Suitability), NASD Rule 2330 (Customers' Securities or Funds) or FINRA Rule 2150 (Improper Use of Customers' Securities or Funds; Prohibition Against Guarantees and Sharing in Accounts), NASD Rule 2440 or FINRA Rule 2121 (Fair Prices and Commissions), NASD Rule 3010 (Supervision) or FINRA Rule 3110 (Supervision) (failure to supervise only for both NASD Rule 3010 and FINRA Rule 3110), NASD Rule 3310 (Publication of Transactions and Quotations) or FINRA Rule 5210 (Publication of Transactions and Quotations), and NASD Rule 3330 (Payment Designed to Influence Market Prices, Other than Paid Advertising) or FINRA Rule 5230 (Payments Involving Publications that Influence the Market Price of a Security); and MSRB Rules G-19, G-30, and G-37(b) & (c).

(4) For purposes of this Rule, the term "tape recording" includes without limitation, any electronic or digital recording that meets the requirements of this Rule.

(5)

(A) For purposes of this Rule, the term "taping firm" means:

(i) A member with at least five but fewer than ten registered persons, where 40% or more of its registered persons have been associated with one or more disciplined firms in a registered capacity within the last three years;

(ii) A member with at least ten but fewer than twenty registered persons, where four or more of its registered persons have been associated with one or more disciplined firms in a registered capacity within the last three years;

(iii) A member with at least twenty registered persons where 20% or more of its registered persons have been associated with one or more disciplined firms in a registered capacity within the last three years.

(B) For purposes of calculating the number of registered persons who have been associated with one or more disciplined firms in a registered capacity within the last three years pursuant to this subparagraph (5), members should not include registered persons who:

(i) have been registered for an aggregate total of 90 days or less with one or more disciplined firms within the past three years; and

(ii) do not have a disciplinary history.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(b) Supervisory Procedures Regarding the Tape Recording of Conversations

(1) Each member that either is notified by FINRA or otherwise has actual knowledge that it is a taping firm shall establish, maintain, and enforce special written procedures for supervising the telemarketing activities of all of its registered persons.

(2) A taping firm required to establish, maintain, and enforce special written procedures pursuant to this paragraph must establish and implement the procedures within 60 days of receiving notice from FINRA or obtaining actual knowledge that it is a taping firm.

(3) The procedures required by this paragraph shall include procedures for tape recording all telephone conversations between the taping firm's registered persons and both existing and potential customers and for reviewing the tape recordings to ensure compliance with applicable securities laws and regulations and applicable FINRA rules. The procedures must be appropriate for the taping firm's business, size, structure, and customers, and shall be maintained for a period of three years from the date that the taping firm establishes and implements the procedures.

(4) All tape recordings made pursuant to the requirements of this paragraph shall be retained for a period of not less than three years from the date the tape was created, the first two years in an easily accessible place. Each taping firm shall catalog the retained tapes by registered person and date.

(5) By the 30th day of the month following the end of each calendar quarter, each taping firm subject to the requirements of this paragraph shall submit to FINRA a report on the taping firm's supervision of the telemarketing activities of its registered persons.

(c) A member that becomes a taping firm for the first time may reduce its staffing levels to fall below the threshold levels within 30 days after receiving notice from FINRA pursuant to the provisions of paragraph (b)(1) or obtaining actual knowledge that it is a taping firm, provided the member promptly notifies FINRA's Department of Member Regulation in writing of its becoming subject to the Rule. Once the member has reduced its staffing levels to fall below the threshold levels, it shall not rehire a person terminated to accomplish the staff reduction for a period of 180 days. On or prior to reducing staffing levels pursuant to this paragraph, a member must provide FINRA's Department of Member Regulation with written notice identifying the terminated person(s).

(d) Pursuant to the Rule 9600 Series, FINRA may, in exceptional circumstances, taking into consideration all relevant factors, exempt any taping firm unconditionally or on specified terms and conditions from the requirements of this Rule. A taping firm seeking an exemption must file a written application pursuant to the Rule 9600 Series within 30 days after receiving notice from FINRA or obtaining actual knowledge that it is a taping firm. A member that becomes a taping firm for the first time may elect to reduce its staffing levels pursuant to the provisions of paragraph (c) or, alternatively, to seek an exemption pursuant to paragraph (d), as appropriate. A taping firm may not seek relief from the Rule by both reducing its staffing levels pursuant to paragraph (c) and requesting an exemption.

Amended by SR-FINRA-2019-009 eff. May 8, 2019.
Amended by SR-FINRA-2013-025 and SR-FINRA-2014-023. eff. Dec. 1, 2014.
Amended by SR-NASD-2005-033 eff. Aug. 1, 2005.
Amended by SR-NASD-2002-004 eff. Oct. 14, 2002.
Adopted by SR-NASD-97-69 eff. Aug. 17, 1998.

Selected Notices: 96-59, 98-52, 02-61, 05-46, 14-10.

‹ 3160. NETWORKING ARRANGEMENTS BETWEEN MEMBERS AND FINANCIAL INSTITUTIONS | UP | 3200. RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS ›

VERSIONS

May 08, 2019 onwards

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3210. Accounts At Other Broker-Dealers and Financial Institutions

(a) No person associated with a member ("employer member") shall, without the prior written consent of the member, open or otherwise establish at a member other than the employer member ("executing member"), or at any other financial institution, any account in which securities transactions can be effected and in which the associated person has a beneficial interest.

(b) Any associated person, prior to opening or otherwise establishing an account subject to this Rule, shall notify in writing the executing member, or other financial institution, of his or her association with the employer member.

(c) An executing member shall, upon written request by an employer member, transmit duplicate copies of confirmations and statements, or the transactional data contained therein, with respect to an account subject to this Rule.

• • • Supplementary Material: ----------

.01 Account Opened Prior to Association With Employer Member. If the account was opened or otherwise established prior to the person's association with the employer member, the associated person, within 30 calendar days of becoming so associated, shall obtain the written consent of the employer member to maintain the account and shall notify in writing the executing member or other financial institution of his or her association with the employer member.

.02 Related and Other Persons. For purposes of this Rule, the associated person shall be presumed to have a beneficial interest in, and to have established, any account that is held by:

(a) the spouse of the associated person;

(b) a child of the associated person or of the associated person's spouse, provided that the child resides in the same household as or is financially dependent upon the associated person;

(c) any other related individual over whose account the associated person has control; or

(d) any other individual over whose account the associated person has control and to whose financial support the associated person materially contributes.

For purposes of paragraphs (a) and (b) of this Supplementary Material .02, an associated person need not be presumed to have a beneficial interest in, or to have established, an account if the associated person demonstrates, to the reasonable satisfaction of the employer member, that the associated person derives no economic benefit from, and exercises no control over, the account.

.03 Transactions and Accounts Not Subject To This Rule. The requirements of this Rule shall not apply to transactions in unit investment trusts, municipal fund securities as defined under MSRB Rule D-12, qualified tuition programs pursuant to Section 529 of the Internal Revenue Code and variable contracts or redeemable securities of companies registered under the Investment Company Act, as amended, or to accounts that are limited to transactions in such securities, or to Monthly Investment Plan type accounts.

.04 Accounts At a Financial Institution Other Than a Member. With respect to an account subject to this Rule at a financial institution other than a member, the employer member shall consider the extent to which it will be able to obtain, upon written request, duplicate copies of confirmations and statements, or the transactional data contained therein, directly from the non-member financial institution in determining whether to provide its written consent to an associated person to open or maintain such account.

.05 Other Financial Institution. For purposes of this Rule, the terms "other financial institution" and "financial institution other than a member" include, but are not limited to, any broker-dealer that is registered pursuant to Section 15(b)(11) of the Exchange Act, domestic or foreign non-member broker-dealer, investment adviser, bank, insurance company, trust company, credit union and investment company.

Adopted by SR-FINRA-2015-029 eff. April 3, 2017.

Selected Notice: 16-22

‹ 3200. RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS UP 3220. INFLUENCING OR REWARDING EMPLOYEES OF OTHERS ›

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3220. Influencing or Rewarding Employees of Others

(a) No member or person associated with a member shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.

(b) This Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the member and the person who is to be employed to perform such services. Such agreement shall include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

(c) A separate record of all payments or gratuities in any amount known to the member, the employment agreement referred to in paragraph (b) and any employment compensation paid as a result thereof shall be retained by the member for the period specified by SEA Rule 17a-4.

Amended by SR-FINRA-2008-027 eff. Dec. 15, 2008.
Amended by SR-NASD-92-40 eff. Dec. 28, 1992.
Amended by SR-NASD-84-8 eff. June 20, 1984.
Amended eff. Sept. 1, 1969.

Selected Notices: 82-44, 93-8, 08-57.

‹ 3210. ACCOUNTS AT OTHER BROKER-DEALERS AND FINANCIAL INSTITUTIONS UP 3230. TELEMARKETING ›

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3230. Telemarketing

(a) General Telemarketing Requirements

No member or person associated with a member shall initiate any outbound telephone call to:

(1) Time of Day Restriction

Any residence of a person before the hour of 8 a.m. or after 9 p.m. (local time at the called party's location), unless

(A) the member has an established business relationship with the person pursuant to paragraph (m)(12)(A),

(B) the member has received that person's prior express invitation or permission, or

(C) the person called is a broker or dealer;

(2) Firm-Specific Do-Not-Call List

Any person that previously has stated that he or she does not wish to receive an outbound telephone call made by or on behalf of the member; or

(3) National Do-Not-Call List

Any person who has registered his or her telephone number on the Federal Trade Commission's national do-not-call registry.

(b) National Do-Not-Call List Exceptions

A member making outbound telephone calls will not be liable for violating paragraph (a)(3) if:

(1) Established Business Relationship Exception

The member has an established business relationship with the recipient of the call. A person's request to be placed on the firm-specific do-not-call list terminates the established business relationship exception to that national do-not-call list provision for that member even if the person continues to do business with the member;

(2) Prior Express Written Consent Exception

The member has obtained the person's prior express invitation or permission. Such permission must be evidenced by a signed, written agreement (which may be obtained electronically under the E-Sign Act) between the person and member which states that the person agrees to be contacted by the member and includes the telephone number to which the calls may be placed; or

(3) Personal Relationship Exception

The associated person making the call has a personal relationship with the recipient of the call.

(c) Safe Harbor Provision

A member or person associated with a member making outbound telephone calls will not be liable for violating paragraph (a)(3) if the member or person associated with a member demonstrates that the violation is the result of an error and that as part of the member's routine business practice, it meets the following standards:

(1) Written procedures. The member has established and implemented written procedures to comply with the national do-not-call rules;

(2) Training of personnel. The member has trained its personnel, and any entity assisting in its compliance, in procedures established pursuant to the national do-not-call rules;

(3) Recording. The member has maintained and recorded a list of telephone numbers that it may not contact; and

(4) Accessing the national do-not-call database. The member uses a process to prevent outbound telephone calls to any telephone number on any list established pursuant to the do-not-call rules, employing a version of the national do-not-call registry obtained from the administrator of the registry no more than 31 days prior to the date any call is made, and maintains records documenting this process.

(d) Procedures

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

Prior to engaging in telemarketing, a member must institute procedures to comply with paragraph (a). Such procedures must meet the following minimum standards:

(1) Written policy. Members must have a written policy for maintaining a do-not-call list.

(2) Training of personnel engaged in telemarketing. Personnel engaged in any aspect of telemarketing must be informed and trained in the existence and use of the do-not-call list.

(3) Recording, disclosure of do-not-call requests. If a member receives a request from a person not to receive calls from that member, the member must record the request and place the person's name, if provided, and telephone number on the firm's do-not-call list at the time the request is made. Members must honor a person's do-not-call request within a reasonable time from the date such request is made. This period may not exceed 30 days from the date of such request. If such requests are recorded or maintained by a party other than the member on whose behalf the outbound telephone call is made, the member on whose behalf the outbound telephone call is made will be liable for any failures to honor the do-not-call request.

(4) Identification of sellers and telemarketers. A member or person associated with a member making an outbound telephone call must provide the called party with the name of the individual caller, the name of the member, an address or telephone number at which the member may be contacted, and that the purpose of the call is to solicit the purchase of securities or related service. The telephone number provided may not be a 900 number or any other number for which charges exceed local or long distance transmission charges.

(5) Affiliated persons or entities. In the absence of a specific request by the person to the contrary, a person's do-not-call request shall apply to the member making the call, and will not apply to affiliated entities unless the consumer reasonably would expect them to be included given the identification of the caller and the product being advertised.

(6) Maintenance of do-not-call lists. A member making outbound telephone calls must maintain a record of a person's request not to receive further calls.

(e) Wireless Communications

The provisions set forth in this Rule are applicable to members and persons associated with a member making outbound telephone calls to wireless telephone numbers.

(f) Outsourcing Telemarketing

If a member uses another appropriately registered or licensed entity or person to perform telemarketing services on its behalf, the member remains responsible for ensuring compliance with all provisions contained in this Rule.

(g) Caller Identification Information

(1) Any member that engages in telemarketing, as defined in paragraph (m)(20) of this Rule, must transmit or cause to be transmitted the telephone number, and, when made available by the member's telephone carrier, the name of the member, to any caller identification service in use by a recipient of an outbound telephone call.

(2) The telephone number so provided must permit any person to make a do-not-call request during regular business hours.

(3) Any member that engages in telemarketing, as defined in paragraph (m)(20) of this Rule, is prohibited from blocking the transmission of caller identification information.

(h) Unencrypted Consumer Account Numbers

No member or person associated with a member shall disclose or receive, for consideration, unencrypted consumer account numbers for use in telemarketing. The term “unencrypted” means not only complete, visible account numbers, whether provided in lists or singly, but also encrypted information with a key to its decryption. This paragraph shall not apply to the disclosure or receipt of a customer's billing information to process a payment pursuant to a telemarketing transaction.

(i) Submission of Billing Information

For any telemarketing transaction, a member or person associated with a member must obtain the express informed consent of the person to be charged and to be charged using the identified account.

(1) In any telemarketing transaction involving preacquired account information and a free-to-pay conversion feature, the member or person associated with a member must:

(A) obtain from the customer, at a minimum, the last four digits of the account number to be charged;

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(B) obtain from the customer an express agreement to be charged and to be charged using the account number pursuant to paragraph (i)(1)(A); and

(C) make and maintain an audio recording of the entire telemarketing transaction.

(2) In any other telemarketing transaction involving preacquired account information not described in paragraph (i)(1), the member or person associated with a member must:

(A) identify the account to be charged with sufficient specificity for the customer to understand what account will be charged; and

(B) obtain from the customer an express agreement to be charged and to be charged using the account number identified pursuant to paragraph (i)(2)(A).

(j) Abandoned Calls

(1) No member or person associated with a member shall "abandon" any outbound telephone call. An outbound telephone call is "abandoned" if a person answers it and the call is not connected to a person associated with a member within two seconds of the person's completed greeting.

(2) A member or person associated with a member shall not be liable for violating paragraph (j)(1) if:

(A) the member or person associated with a member employs technology that ensures abandonment of no more than three percent of all outbound telephone calls answered by a person, measured over the duration of a single calling campaign, if less than 30 days, or separately over each successive 30-day period or portion thereof that the campaign continues;

(B) the member or person associated with a member, for each outbound telephone call placed, allows the telephone to ring for at least 15 seconds or four rings before disconnecting an unanswered call;

(C) whenever a person associated with a member is not available to speak with the person answering the outbound telephone call within two seconds after the person's completed greeting, the member or person associated with a member promptly plays a recorded message that states the name and telephone number of the member or person associated with the member on whose behalf the call was placed; and

(D) the member retains records establishing compliance with paragraph (j)(2).

(k) Prerecorded Messages

(1) No member or person associated with a member shall initiate any outbound telephone call that delivers a prerecorded message other than a prerecorded message permitted for compliance with the call abandonment safe harbor in paragraph (j)(2)(C) unless:

(A) the member has obtained from the recipient of the call an express agreement, in writing, that:

(i) the member obtained only after a clear and conspicuous disclosure that the purpose of the agreement is to authorize the member to place prerecorded calls to such person;

(ii) the member obtained without requiring, directly or indirectly, that the agreement be executed as a condition of opening an account or purchasing any good or service;

(iii) evidences the willingness of the recipient of the call to receive calls that deliver prerecorded messages by or on behalf of a specific member; and

(iv) includes such person's telephone number and signature (which may be obtained electronically under the E-Sign Act);

(B) the member or person associated with a member allows the telephone to ring for at least 15 seconds or four rings before disconnecting an unanswered call; and within two seconds after the completed greeting of the person called, plays a prerecorded message that promptly provides the disclosures in paragraph (d)(4), followed immediately by a disclosure of one or both of the following:

(i) for a call that could be answered by a person, that the person called can use an automated interactive voice and/or keypress-activated opt-out mechanism to assert a firm-specific do-not-call request pursuant to the member's procedures instituted under paragraph (d)(3) at any time during the message. The mechanism must:

a. automatically add the number called to the member's firm-specific do-not-call list;

b. once invoked, immediately disconnect the call; and

c. be available for use at any time during the message;

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(ii) for a call that could be answered by an answering machine or voicemail service, that the person called can use a toll-free telephone number to assert a firm-specific do-not-call request pursuant to the member's procedures instituted under paragraph (d)(3). The number provided must connect directly to an automated interactive voice or keypress-activated opt-out mechanism that:

a. automatically adds the number called to the member's firm-specific do-not-call list;

b. immediately thereafter disconnects the call; and

c. is accessible at any time throughout the duration of the telemarketing campaign; and

(C) the member complies with all other requirements of this Rule and other applicable federal and state laws.

(2) Any call that complies with all applicable requirements of paragraph (k) shall not be deemed to violate paragraph (j).

(l) Credit Card Laundering.

Except as expressly permitted by the applicable credit card system, no member or person associated with a member shall:.

(1) present to or deposit into, the credit card system for payment, a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the member;.

(2) employ, solicit, or otherwise cause a merchant, or an employee, representative or agent of the merchant, to present to or to deposit into the credit card system for payment, a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the merchant; or.

(3) obtain access to the credit card system through the use of a business relationship or an affiliation with a merchant, when such access is not authorized by the merchant agreement or the applicable credit card system.

(m) Definitions

For purposes of this Rule:

(1) The term "account activity" shall include, but not be limited to, purchases, sales, interest credits or debits, charges or credits, dividend payments, transfer activity, securities receipts or deliveries, and/or journal entries relating to securities or funds in the possession or control of the member.

(2) The term “acquirer” means a business organization, financial institution, or an agent of a business organization or financial institution that has authority from an organization that operates or licenses a credit card system to authorize merchants to accept, transmit, or process payment by credit card through the credit card system for money, goods or services, or anything else of value.

(3) The term “billing information” means any data that enables any person to access a customer's or donor's account, for example a credit or debit card number, a brokerage, checking, or savings account number, or a mortgage loan account number.

(4) The term "broker-dealer of record" refers to the broker-dealer identified on a customer's account application for accounts held directly at a mutual fund or variable insurance product issuer.

(5) The term “caller identification service” means a service that allows a telephone subscriber to have the telephone number, and, where available, name of the calling party transmitted contemporaneously with the telephone call, and displayed on a device in or connected to the subscriber's telephone.

(6) The term “cardholder” means a person to whom a credit card is issued or who is authorized to use a credit card on behalf of or in addition to the person to whom the credit card is issued.

(7) The term “credit” means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(8) The term “credit card” means any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit.

(9) The term “credit card sales draft” means any record or evidence of a credit card transaction.

(10) The term “credit card system” means any method or procedure used to process credit card transactions involving credit cards issued or licensed by the operator of that system.

(11) The term “customer” means any person who is or may be required to pay for goods or services offered through telemarketing.

(12) The term “established business relationship" means a relationship between a member and a person if:

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

(A) the person has made a financial transaction or has a security position, a money balance, or account activity with the member or at a clearing firm that provides clearing services to such member within the previous 18 months immediately preceding the date of the telemarketing call;

(B) the member is the broker-dealer of record for an account of the person within the previous 18 months immediately preceding the date of the telemarketing call; or

(C) the person has contacted the member to inquire about a product or service offered by the member within the previous three months immediately preceding the date of the telemarketing call.

A person's established business relationship with a member does not extend to the member's affiliated entities unless the person would reasonably expect them to be included. Similarly, a person's established business relationship with a member's affiliate does not extend to the member unless the person would reasonably expect the member to be included.

(13) The term “free-to-pay conversion” means, in an offer or agreement to sell or provide any goods or services, a provision under which a customer receives a product or service for free for an initial period and will incur an obligation to pay for the product or service if he or she does not take affirmative action to cancel before the end of that period.

(14) The term “merchant” means a person who is authorized under a written contract with an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution. A “charitable contribution” means any donation or gift of money or any other thing of value, for example a transfer to a pooled income fund.

(15) The term “merchant agreement” means a written contract between a merchant and an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

(16) The term “outbound telephone call” means a telephone call initiated by a telemarketer to induce the purchase of goods or services or to solicit a charitable contribution from a donor. A “donor” means any person solicited to make a charitable contribution.

(17) The term “person” means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity.

(18) The term "personal relationship" means any family member, friend, or acquaintance of the person associated with a member making an outbound telephone call.

(19) The term “preacquired account information” means any information that enables a seller or telemarketer to cause a charge to be placed against a customer's or donor's account without obtaining the account number directly from the customer or donor during the telemarketing transaction pursuant to which the account will be charged.

(20) The term "telemarketing" means consisting of or relating to a plan, program, or campaign involving at least one outbound telephone call, for example cold-calling. The term does not include the solicitation of sales through the mailing of written marketing materials, when the person making the solicitation does not solicit customers by telephone but only receives calls initiated by customers in response to the marketing materials and during those calls takes orders only without further solicitation. For purposes of the previous sentence, the term “further solicitation” does not include providing the customer with information about, or attempting to sell, anything promoted in the same marketing materials that prompted the customer's call.

• • • Supplementary Material: ----------

.01 Compliance with Other Requirements. This Rule does not affect the obligation of any member or person associated with a member that engages in telemarketing to comply with relevant state and federal laws and rules, including but not limited to the Telemarketing and Consumer Fraud and Abuse Prevention Act codified at 15 U.S.C. 6101–6108, as amended, the Telephone Consumer Protection Act codified at 47 U.S.C. 227, and the rules of the Federal Communications Commission relating to telemarketing practices and the rights of telephone consumers codified at 47 CFR 64.1200.

Amended by SR-FINRA-2013-001 eff. Feb. 4, 2013.
Amended by SR-FINRA-2012-027 eff. July 9, 2012.
Amended by SR-FINRA-2011-059 eff. June 29, 2012.
Amended by SR-NASD-2004-174 eff. March 1, 2005.
Amended by SR-NASD-2003-131 eff. March 31, 2004.
Amended by SR-NASD-2000-12 eff. Nov. 3, 2003.
Adopted by SR-NASD-96-28 eff. Dec. 2, 1996.

Selected Notice: 04-15, 05-07, 12-17.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

VERSIONS

Feb 04, 2013 onwards

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3240. Prohibition on Borrowing From or Lending to Customers

(a) General Prohibition; Permissible Borrowing or Lending Arrangements; Conditions

No person associated with a member in any registered capacity may borrow money from or lend money to any customer of such person, or initiate a broker-customer relationship with a person with whom the registered person has an existing borrowing or lending arrangement, unless:

(1) the member has written procedures allowing the borrowing or lending of money between such registered persons and customers of the member;

(2) the borrowing or lending arrangement meets one of the following conditions:

(A) the customer is a member of such person's immediate family;

(B) the customer (i) is a financial institution regularly engaged in the business of providing credit, financing, or loans, or other entity or person that regularly arranges or extends credit in the ordinary course of business and (ii) is acting in the course of such business;

(C) the customer and the registered person are both registered persons of the same member;

(D) the borrowing or lending arrangement is based on a bona fide, close personal relationship between the registered person and the customer maintained outside of, and formed prior to, the broker-customer relationship; or

(E) the borrowing or lending arrangement is based on a bona fide business relationship outside of the broker-customer relationship; and

(3) the requirements of paragraph (b) of this Rule are satisfied.

(b) Notification and Approval

(1) With respect to borrowing or lending arrangements described in paragraphs (a)(2)(C), (D), or (E) of this Rule:

(A) The registered person shall, prior to entering into such arrangements, notify the member in writing and obtain the member's approval in writing of such arrangements. The registered person shall also, prior to the modification of such arrangements, notify the member in writing and obtain the member's approval in writing of any modifications to such arrangements, including any extension of the duration of such arrangements.

(B) The registered person shall, prior to the initiation of a broker-customer relationship at the member with a person with whom the registered person has an existing borrowing or lending arrangement, notify the member in writing of such existing arrangements and obtain the member's approval in writing of the broker-customer relationship.

(2) With respect to the borrowing or lending arrangements described in paragraph (a)(2)(A) of this Rule, a member's written procedures may indicate that registered persons are not required to notify the member or receive member approval either prior to or subsequent to entering into such borrowing or lending arrangements or initiating a broker-customer relationship.

(3) With respect to the borrowing or lending arrangements described in paragraph (a)(2)(B) of this Rule, a member's written procedures may indicate that registered persons are not required to notify the member or receive member approval either prior to or subsequent to entering into such borrowing or lending arrangements or initiating a broker-customer relationship, provided that the loan has been made on commercial terms that the customer generally makes available to members of the general public similarly situated as to need, purpose and creditworthiness. For purposes of this paragraph (b)(3), the member may rely on the registered person's representation that the terms of the loan meet the above-described standards.

(c) Definition of Immediate Family

The term "immediate family" means parents, grandparents, mother-in-law or father-in-law, spouse or domestic partner, brother or sister, brother-in-law or sister-in-law, son-in law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or niece or nephew, and any other person who resides in the same household as the registered person and the registered person financially supports, directly or indirectly, to a material extent. The term includes step and adoptive relationships.

• • • Supplementary Material: ----------

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

.01 Record Retention. For purposes of paragraph (b) of this Rule, members shall preserve the written notice and approval for at least three years after the date that the borrowing or lending arrangement has terminated or for at least three years after the registered person's association with the member has terminated.

.02 Customer. For purposes of this Rule, a "customer" would include any customer that has, or in the previous six months had, a securities account assigned to the registered person at any member.

.03 Owner-Financing Arrangements. For purposes of this Rule, borrowing or lending arrangements include owner-financing arrangements.

.04 Close Personal Relationships; Business Relationships. Factors that are relevant to whether a borrowing or lending arrangement is based on a close personal relationship or a business relationship, within the meaning of paragraphs (a)(2)(D) and (E) of this Rule, include, but are not limited to, when the relationship began, its duration and nature, and any facts suggesting that the relationship is not bona fide or was formed with the purpose of circumventing the purpose of Rule 3240. Examples of close personal relationships include, but are not limited to, a childhood or long-term friend or a godparent. An example of a business relationship includes, but is not limited to, a loan from a registered person to a small outside business that the registered person co-owned for years for the sole purpose of providing the business with additional operating capital.

.05 Arrangements with Persons Related to Either the Registered Person or the Customer. A registered person instructing or asking a customer to enter into a borrowing or lending arrangement with a person related to the registered person (e.g., the registered person's immediate family member or outside business) or to have a person related to the customer (e.g., the customer's immediate family member or business) enter into a borrowing or lending arrangement with the registered person would present similar conflict of interest concerns as borrowing or lending arrangements between the registered person and the customer and would not be consistent with this Rule unless the conditions set forth in paragraphs (a)(1), (2), and (3) of this Rule are satisfied.

.06 Obligations of Member Receiving Notice. Upon receipt of written notice under Rule 3240, a member shall perform a reasonable assessment of the risks created by the borrowing or lending arrangement with a customer, modification to the borrowing or lending arrangement with a customer, or existing borrowing or lending arrangement with a person who seeks to be a customer of the registered person. The member shall also make a reasonable determination of whether to approve the borrowing or lending arrangement, modification to the borrowing or lending arrangement, or, where there is an existing borrowing or lending arrangement with a person who seeks to be a customer of the registered person, the broker-customer relationship.

Amended by SR-FINRA-2024-001 eff. April 28, 2025.
Amended by SR-FINRA-2009-095 eff. June 14, 2010.
Amended by SR-NASD-2004-05 eff. Feb. 18, 2004.
Adopted by SR-NASD-2003-92 eff. Nov. 10, 2003.

Selected Notice: 10-21, 24-12.

‹ 3230. TELEMARKETING UP 3241. REGISTERED PERSON BEING NAMED A CUSTOMER'S BENEFICIARY OR HOLDING A POSITION OF TRUST FOR A CUSTOMER ›

VERSIONS

Apr 28, 2025 onwards

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3241. Registered Person Being Named a Customer's Beneficiary or Holding a Position of Trust for a Customer

(a) Obligations of the Registered Person

(1) A registered person shall decline being named a beneficiary of a customer's estate or receiving a bequest from a customer's estate upon learning of such status unless one of the following conditions is satisfied:

(A) The customer is a member of the registered person's immediate family; or

(B) Upon learning of such status, the registered person provides written notice describing the proposed status to the member with which the registered person is associated, in such form as specified by the member, and receives written approval from that member of such status prior to being named a beneficiary of a customer's estate or receiving a bequest from a customer's estate. If the member disapproves the status or places conditions or limitations on it, the registered person shall not assume such status or shall comply with such conditions or limitations.

(2) A registered person shall decline being named as an executor or trustee or holding a power of attorney or similar position for or on behalf of a customer upon learning of such status unless one of the following conditions is satisfied:

(A) The customer is a member of the registered person's immediate family; or

(B) Upon learning of such status, the registered person provides written notice describing the position and the person's proposed role to the member with which the registered person is associated, in such form as specified by the member, and receives written approval from that member of such status prior to acting in such capacity or receiving any fees, assets or other benefit in relation to acting in such capacity; and

(i) The registered person does not derive financial gain from acting in such capacity other than from fees or other charges that are reasonable and customary for acting in such capacity; and

(ii) If the member disapproves the position or places conditions or limitations on it, the registered person shall not act in such capacity or shall comply with such conditions or limitations.

(b) Obligations of a Member Receiving Notice

(1) Upon receipt of a written notice as described in Rule 3241(a), a member shall:

(A) Perform a reasonable assessment of the risks created by the registered person's assuming such status or acting in such capacity, including, but not limited to, an evaluation of whether it will interfere with or otherwise compromise the registered person's responsibilities to the customer; and

(B) Make a reasonable determination of whether to approve the registered person's assuming such status or acting in such capacity, to approve it subject to specific conditions or limitations, or to disapprove it.

(2) Upon completion of the member's assessment, a member shall advise the registered person in writing whether the member:

(A) Approves the person's assuming such status or acting in such capacity and imposes any conditions or limitations on the person's holding the position; or

(B) Disapproves the person's assuming such status or acting in such capacity.

(3) If the member imposes conditions or limitations on its approval of the person's assuming such status or acting in such capacity, the member shall reasonably supervise the registered person's compliance with such conditions or limitations.

(4) A member shall establish and maintain written procedures to comply with the requirements of paragraph (b) of this Rule.

(c) Definition of Immediate Family

The term "immediate family" means parents, grandparents, mother-in-law or father-in-law, spouse or domestic partner, brother or sister, brother-in-law or sister-in-law, son-in law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or niece or nephew, and any other person who resides in the same household as the registered person and the registered person financially supports, directly or indirectly, to a material extent. The term includes step and adoptive relationships.

• • • Supplementary Material: ----------

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

.01 Customer. For purposes of this Rule, a "customer" would include any customer that has, or in the previous six months had, a securities account assigned to the registered person at any member.

.02 Estate. For purposes of this Rule, a customer's estate would include any cash and securities, real estate, insurance, trusts, annuities, business interests and other assets that the customer owns or has an interest in at the time of death.

.03 Record Retention. For purposes of paragraph (b) of this Rule, members shall preserve the written notice and approval for at least three years after the date that the beneficiary status or position of trust has terminated or the bequest received or for at least three years, whichever is earlier, after the registered person's association with the member has terminated.

.04 Position Prior to Association With Member. If a registered person was named as a beneficiary or to a position of trust prior to the registered person's association with the member, the registered person, within 30 calendar days of becoming so associated, shall provide notice to and receive approval from the member consistent with this Rule to maintain the beneficiary status or position of trust.

.05 Pre-Existing Positions. With respect to agreements to assume such status or act in such capacity that were entered into prior to the existence of a broker-customer relationship, such as where the customer was not a customer of the registered person at the time at which the registered person was named beneficiary or to a position of trust, these agreements raise similar conflict of interest concerns as agreements to assume such status or act in such capacity entered into subsequent to the existence of a broker-customer relationship. Therefore, the registered person must act consistent with paragraph (a) of this Rule for any existing beneficiary status or position of trust prior to the initiation of the broker-customer relationship. Moreover, upon receipt of notice of such a position, the member should evaluate the beneficiary status or position of trust consistent with paragraph (b) of this Rule.

.06 Naming Other Persons. A registered person instructing or asking a customer to name another person to be a beneficiary of the customer's estate or to receive a bequest from the customer's estate would present similar conflict of interest concerns as the registered person being so named. Accordingly, a registered person instructing or asking a customer to name another person, such as the registered person's spouse or child, to be a beneficiary of the customer's estate or to receive a bequest from the customer's estate would not be consistent with paragraph (a)(1) of the Rule.

Adopted by SR-FINRA-2020-020 eff. Feb. 15, 2021.

Selected Notices: 20-38.

‹ 3240. PROHIBITION ON BORROWING FROM OR LENDING TO CUSTOMERS UP 3250. DESIGNATION OF ACCOUNTS ›

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3250. Designation of Accounts

No member shall carry an account on its books in the name of a person other than that of the customer, except that an account may be designated by a number or symbol, provided the member has on file a written statement signed by the customer attesting the ownership of such account.

Amended by SR-FINRA-2009-017 eff. Aug. 17, 2009.
Amended by SR-NYSE-92-04 eff. May 27, 1992.
Amended eff. March 26, 1970.

Selected Notice: 09-33.

‹ 3241. REGISTERED PERSON BEING NAMED A CUSTOMER'S BENEFICIARY OR HOLDING A POSITION OF TRUST FOR A CUSTOMER

UP

3260. DISCRETIONARY ACCOUNTS ›

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3260. Discretionary Accounts

(a) Excessive Transactions

No member shall effect with or for any customer's account in respect to which such member or his agent or employee is vested with any discretionary power any transactions of purchase or sale which are excessive in size or frequency in view of the financial resources and character of such account.

(b) Authorization and Acceptance of Account

No member or registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the member, as evidenced in writing by the member or the partner, officer or manager, duly designated by the member, in accordance with Rule 3110.

(c) Approval and Review of Transactions

The member or the person duly designated shall approve promptly in writing each discretionary order entered and shall review all discretionary accounts at frequent intervals in order to detect and prevent transactions which are excessive in size or frequency in view of the financial resources and character of the account.

(d) Exceptions

This Rule shall not apply to:

(1) discretion as to the price at which or the time when an order given by a customer for the purchase or sale of a definite amount of a specified security shall be executed, except that the authority to exercise time and price discretion will be considered to be in effect only until the end of the business day on which the customer granted such discretion, absent a specific, written contrary indication signed and dated by the customer. This limitation shall not apply to time and price discretion exercised in an institutional account, as defined in Rule 4512(c), pursuant to valid Good-Till-Cancelled instructions issued on a "not-held" basis. Any exercise of time and price discretion must be reflected on the order ticket;

(2) bulk exchanges at net asset value of money market mutual funds ("funds") utilizing negative response letters provided:

(A) The bulk exchange is limited to situations involving mergers and acquisitions of funds, changes of clearing members and exchanges of funds used in sweep accounts;

(B) The negative response letter contains a tabular comparison of the nature and amount of the fees charged by each fund;

(C) The negative response letter contains a comparative description of the investment objectives of each fund and a prospectus of the fund to be purchased; and

(D) The negative response feature will not be activated until at least 30 days after the date on which the letter was mailed.

Amended by SR-FINRA-2019-009 eff. May 8, 2019.
Amended by SR-NASD-2002-162 and SR-NASD-2004-116 eff. Jan. 31, 2005.
Amended by SR-NASD-92-14 eff. Dec. 10, 1992.

Selected Notices: 75-33, 76-30, 91-39, 91-80, 92-25, 93-1, 04-71.

‹ 3250. DESIGNATION OF ACCOUNTS UP 3270. OUTSIDE BUSINESS ACTIVITIES OF REGISTERED PERSONS ›

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3270. Outside Business Activities of Registered Persons

No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member. Passive investments and activities subject to the requirements of Rule 3280 shall be exempted from this requirement.

• • • Supplementary Material: ----------

.01 Obligations of Member Receiving Notice. Upon receipt of a written notice under Rule 3270, a member shall consider whether the proposed activity will: (1) interfere with or otherwise compromise the registered person's responsibilities to the member and/or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on the member's review of such factors, the member must evaluate the advisability of imposing specific conditions or limitations on a registered person's outside business activity, including where circumstances warrant, prohibiting the activity. A member also must evaluate the proposed activity to determine whether the activity properly is characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of Rule 3280. A member must keep a record of its compliance with these obligations with respect to each written notice received and must preserve this record for the period of time and accessibility specified in SEA Rule 17a-4(e)(1).

Amended by SR-FINRA-2015-030 eff. Sept. 21, 2015.
Amended by SR-FINRA-2009-042 eff. Dec. 15, 2010.
Adopted by SR-NASD-88-34 eff. Oct. 13, 1988.

Selected Notices: 88-5, 88-45, 88-86, 89-39, 90-37, 94-44, 94-93, 96-33, 01-79, 10-49.

‹ 3260. DISCRETIONARY ACCOUNTS UP 3280. PRIVATE SECURITIES TRANSACTIONS OF AN ASSOCIATED PERSON ›

VERSIONS

Sep 21, 2015 onwards

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3280. Private Securities Transactions of an Associated Person

(a) Applicability

No person associated with a member shall participate in any manner in a private securities transaction except in accordance with the requirements of this Rule.

(b) Written Notice

Prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction; provided however that, in the case of a series of related transactions in which no selling compensation has been or will be received, an associated person may provide a single written notice.

(c) Transactions for Compensation

(1) In the case of a transaction in which an associated person has received or may receive selling compensation, a member which has received notice pursuant to paragraph (b) shall advise the associated person in writing stating whether the member:

(A) approves the person's participation in the proposed transaction; or

(B) disapproves the person's participation in the proposed transaction.

(2) If the member approves a person's participation in a transaction pursuant to paragraph (c)(1), the transaction shall be recorded on the books and records of the member and the member shall supervise the person's participation in the transaction as if the transaction were executed on behalf of the member.

(3) If the member disapproves a person's participation pursuant to paragraph (c)(1), the person shall not participate in the transaction in any manner, directly or indirectly.

(d) Transactions Not for Compensation

In the case of a transaction or a series of related transactions in which an associated person has not and will not receive any selling compensation, a member which has received notice pursuant to paragraph (b) shall provide the associated person prompt written acknowledgment of said notice and may, at its discretion, require the person to adhere to specified conditions in connection with his participation in the transaction.

(e) Definitions

For purposes of this Rule, the following terms shall have the stated meanings:

(1) "Private securities transaction" shall mean any securities transaction outside the regular course or scope of an associated person's employment with a member, including, though not limited to, new offerings of securities which are not registered with the Commission, provided however that transactions subject to the notification requirements of Rule 3210, transactions among immediate family members (as defined in FINRA Rule 5130), for which no associated person receives any selling compensation, and personal transactions in investment company and variable annuity securities, shall be excluded.

(2) "Selling compensation" shall mean any compensation paid directly or indirectly from whatever source in connection with or as a result of the purchase or sale of a security, including, though not limited to, commissions; finder's fees; securities or rights to acquire securities; rights of participation in profits, tax benefits, or dissolution proceeds, as a general partner or otherwise; or expense reimbursements.

Amended by SR-FINRA-2017-004 eff. April 3, 2017.
Amended by SR-FINRA-2015-030 eff. Sept. 21, 2015.
Amended by SR-NASD-99-60 eff. March 23, 2004.
Adopted by SR-NASD-85-28 eff. Nov. 12, 1985.

Selected Notices: 75-34, 80-62, 82-39, 85-21, 85-54, 85-84, 91-32, 94-44, 96-33, 01-79, 03-79.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

VERSIONS

Apr 03, 2017 onwards

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

3310. Anti-Money Laundering Compliance Program

Each member shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, *et seq*.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Each member's anti-money laundering program must be approved, in writing, by a member of senior management. The anti-money laundering programs required by this Rule shall, at a minimum,

(a) Establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder;

(b) Establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder;

(c) Provide for annual (on a calendar-year basis) independent testing for compliance to be conducted by member personnel or by a qualified outside party, unless the member does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading or conducts business only with other broker-dealers), in which case such "independent testing" is required every two years (on a calendar-year basis);

(d) Designate and identify to FINRA (by name, title, mailing address, e-mail address, telephone number, and facsimile number) an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program (such individual or individuals must be an associated person of the member) and provide prompt notification to FINRA regarding any change in such designation(s);

(e) Provide ongoing training for appropriate personnel; and

(f) Include appropriate risk-based procedures for conducting ongoing customer due diligence, to include, but not be limited to:

(i) Understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and

(ii) Conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information. For purposes of paragraph (f)(ii), customer information shall include information regarding the beneficial owners of legal entity customers (as defined in 31 CFR 1010.230(e)).

• • • Supplementary Material: ----------

.01 Independent Testing Requirements

(a) All members should undertake more frequent testing than required if circumstances warrant.

(b) Independent testing, pursuant to Rule 3310(c), must be conducted by a designated person with a working knowledge of applicable requirements under the Bank Secrecy Act and its implementing regulations.

(c) Independent testing may not be conducted by:

(1) a person who performs the functions being tested,

(2) the designated anti-money laundering compliance person, or

(3) a person who reports to a person described in either subparagraphs (1) or (2) above.

.02 Review of Anti-Money Laundering Compliance Person Information

Each member must identify, review, and, if necessary, update the information regarding its anti-money laundering compliance person designated pursuant to Rule 3310(d) in the manner prescribed by Rule 4517.

Accessed from http://www.finra.org. ©2026 FINRA. All rights reserved.
FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.
Reprinted with permission from FINRA. Version date February 25, 2026.

Amended by SR-FINRA-2018-016 eff. May 11, 2018.
Amended by SR-FINRA-2015-004 eff. Feb. 12, 2015.
Amended by SR-FINRA-2009-039 eff. Jan. 1, 2010.
Amended by SR-NASD-2007-034 eff. Dec. 31, 2007.
Amended by SR-NASD-2005-066 eff. Mar. 6, 2006.
Amended by SR-NASD-2002-146 eff. Oct. 22, 2002.
Adopted by SR-NASD-2002-24 eff. April 24, 2002.

Selected Notices: 02-21, 02-50, 02-78, 02-80, 03-34, 06-07, 07-42, 09-60, 17-40 18-19.

‹ 3300. ANTI-MONEY LAUNDERING UP 4000. FINANCIAL AND OPERATIONAL RULES ›

VERSIONS

May 11, 2018 onwards

Disclaimer: The summary and detailed topics are only available for 40 FINRA Rules and have been applied as part of the FINRA Rulebook Search Tool™ (FIRST™) prototype. FIRST is for informational purposes only and does not provide regulatory or compliance advice. You should always review the relevant rule text and the related guidance to understand your regulatory obligations. Usage or reliance on this tool is not a defense to a failure to comply with the FINRA rules. Learn More